

Finance
Course Number: 22:390:587
Course Title: Financial Management

COURSE DESCRIPTION

The course introduces students to financial analysis techniques applicable in different areas of corporate finance. Students will learn conceptual frameworks to identify, understand and address problems commonly faced by corporate decision-makers. Students will also get the opportunity to apply these concepts to contemporary business situations. The course will start off with an overview of financial statement analysis and then discuss a range of topics relevant to valuation of investments, including (but not limited to): time value of money, the relationship between risk and return including the capital asset pricing model, the valuation and role of debt and equity, capital budgeting/project evaluation techniques, cost of capital, cash flow estimation, project risk analysis, company valuation, and capital structure decisions. By the end of course students will have a good understanding of factors and frameworks to consider in making good investment and financing decisions.

COURSE MATERIALS

Textbook: *Principles of Corporate Finance* (13th edition) by Brealey, Myers and Allen, McGraw-Hill, 2020 (ISBN 978-1-260-01390-0).

McGraw Hill Connect: You will need to register access to McGraw Hill *Connect* to attempt and submit assignments (details below). You can register for *Connect* by visiting this link:

Harvard Business School (HBS) cases: You will need the following HBS cases for this course:

1. Clarkson Lumber Co., by Thomas R. Piper
2. Ocean Carriers, by Erik Stafford, Angela Chao, Kathleen S. Luchs
3. Marriott Corp.: The Cost of Capital (Abridged), by Richard S. Ruback

I have made these cases available to you as part of a (separate) course pack on HBS Publishing website, which you can access here: The link to this course pack is also available under the “Resources” Tab on Canvas.

Financial Calculator: You will need a financial calculator for this course. Whatever calculator you choose you must be able to operate it for the calculations we will perform. Installing fresh batteries at the beginning of the semester is never a bad idea!

Please bring your financial calculator with you to ALL classes and exams. Although you can use smartphone apps during regular class sessions, you will NOT be allowed to use smartphone during exams.

Lecture Slides: I will post my Power Point Lecture slides on Canvas typically at one week in advance of class. The lecture slides will complement the chapters in the textbook and will by and large adhere to the “Weekly Schedule” provided at the end of this syllabus. I strongly recommend that you come to the class prepared, i.e. read the relevant chapters from the textbook and the corresponding lecture slides BEFORE coming to class. Doing so will help you understand the material better and faster.

Please Do NOT (and I repeat... do NOT) use textbook as a *substitute* for lecture slides, or vice versa. The lecture slides are meant to *complement* the textbook readings so you need to study from both. Lecture slides will can contain material that is not discussed in the textbook.

Class Notes: I strongly encourage you to take notes during class. These detailed explanations can be instrumental in helping you understand the material. It is your responsibility to take down the relevant notes during class.

PREREQUISITES

- (22:010:577 or 22:010:502 ACCTG FOR MGRS-FT) and (22:223:581)

OR

- (22:835:561 or 22:010:502 ACCTG FOR MGRS-FT) and (22:835:651 ACCTNG PRINC. & PRAC.)

EVALUATION

Grades will be based on the following weighing scheme:

Mid-Term Exam (Closed Book/Notes)	35%
Final Exam (Non-cumulative, Closed Book/Notes)	35%
Group Projects (3 x 8%)	18%
<i>Other Assignments (4 x 4%)</i>	<i>12%</i>
TOTAL	100%

Based on the above weighing scheme, the aggregate *weighted* grade will be converted to letter grades according to the following table:

A	94.00-100.00%	C+	74.00-77.99%
A-	90.00-93.99%	C	70.00-73.99%
B+	86.00-89.99%	C-	65.00-69.99%
B	82.00-85.99%	D	60.00-64.99%
B-	78.00-81.99%	F	< 60%

ACADEMIC INTEGRITY

I do NOT tolerate cheating. Students are responsible for understanding the RU Academic Integrity Policy (<http://academicintegrity.rutgers.edu/>)

I will strongly enforce this Policy and pursue *all* violations. On all examinations and assignments, students must sign the RU Honor Pledge, which states, “On my honor, I have neither received nor given any unauthorized assistance on this examination or assignment.” I will screen all written assignments through *SafeAssign* or *Turnitin*, plagiarism detection services that compare the work against a large database of past work. Don’t let cheating destroy your hard-earned opportunity to learn. See business.rutgers.edu/ai for more details.

ATTENDANCE AND PREPARATION POLICY

- You can expect me to attend all class sessions. I expect the same of you. If I will be absent, I will send a notice through Canvas or I will send you notice via email as far in advance as possible. If you are to be absent, report your absence in advance at <https://sims.rutgers.edu/ssra/>. If your absence is due to religious observance, a Rutgers approved activity, illness, or family emergency/death and you seek make-up work, also send me an email with full details and supporting documentation no later than 24 hours after your absence. I will NOT accept requests for any make-up work after 24 hours of your absence.
- For weather emergencies, consult the campus home page. If the campus is open, class will be held.

- You can expect me to arrive on time for each class session. I expect the same of you. You don't have to notify me if you are going to be tardy; just enter the class quietly when you do arrive so as to not disrupt the class.
- You can expect me to remain for the entirety of each class session. I expect the same of you. If you want to leave, do so discretely so as to not disrupt the class.
- You can expect me to prepare properly for each class session. I expect the same of you. Complete all background reading and assignments. You cannot learn if you are not prepared. The minimum expectation is that for each 3-hour class session, you have prepared by studying for at least twice as many hours.
- You can expect me to participate fully in each class session. I expect the same of you. Stay focused and involved. You cannot learn if you are not paying attention.

INDIVIDUAL ASSIGNMENTS

Each one of you will be graded on four assignments. These assignments will contain questions pertinent to the material discussed in class. I will post these assignments will be available to you on McGraw Hill *Connect*. You can attempt the assignments as many times as you like before submitting them.

Assignment Dates:

<u>ASSIGNMENT</u>	<u>DUE DATE</u>	<u>WHERE TO SUBMIT</u>
Assignment 1	()	McGraw Hill <i>Connect</i>
Assignment 2	()	McGraw Hill <i>Connect</i>
Assignment 3	()	McGraw Hill <i>Connect</i>
Assignment 4	()	McGraw Hill <i>Connect</i>

Late Assignment Submissions: There is an immediate 100% grade deduction for submitting assignment late! If you miss the submission deadline of the assignment by even a minute you will lose all points on the assignment. Therefore, please make sure that you submit all the assignments on time; DON'T WAIT TILL THE LAST MINUTE! I will follow Eastern Standard Time (EST) strictly to determine whether an assignment is submitted late or not. For instance, if an assignment due on a () is submitted a minute late on (), the assignment will be considered late for grading purposes.

CLASSROOM CONDUCT

Please bear in mind the following with respect to classroom conduct:

- If I feel that you are distracting the class in any way, you may be asked to leave the classroom.

- You are more than welcome to ask questions during class. Insightful questions/comments that indicate careful preparation are highly encouraged. Nonetheless, I reserve the right to not take a question if it disrupts the flow of the ongoing discussion or is tangential to the matter at hand. I'd be happy to discuss such questions with you after-class. - Be civil to others during the class.
 - Raise your hand and wait for my acknowledgement before speaking.
 - Bring your name cards with you to all classes.
 - Do not read any material in class that is unrelated to the lecture or is other than the prescribed reading for the course.
 - Switch you cell phones OFF (or on SILENT mode) during class. If you are expecting important phone calls during class, at the very least set your cell phones to "vibrate" mode and take your calls outside the classroom after excusing yourself.
 - If you plan to bring your laptops to class to take notes, please don't get busy web surfing or chatting. This is a graduate level class and I do expect some sort of restraint on your part.
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EXAM DATES AND POLICIES

Both the mid-term and the final exam will be closed book, closed notes. You are allowed to bring one *hand-written* 8-1/2 by 11 inch (A4 size) formula sheet (back and front) to the exams. You are NOT allowed to staple or attach additional documents to this help sheet.

The exams may be composed of T/F, multiple choice, short answer and/or essay questions/numerical problems. Exam questions may not be limited to the textbook chapters; specifically, anything discussed in class will be fair game for exam questions (including discussion of HBS case studies).

Exam Dates and Venues:

<u>Exam</u>	<u>Date</u>	<u>Venue</u>
Mid-Term Exam		()
Final Exam		()

Make-up Exams: There will be NO make-up exams unless you miss the exam due to religious observance, a Rutgers-approved activity, illness, or family emergency/death. Even in such instances, you must email me to inform me of your absence NO LATER than 24 hours of missing the exam and provide documentation and/or other evidence to substantiate the legitimacy of your absence. I will STRICTLY enforce this 24 hour rule.¹ If you fail to inform me during this time, you will receive a zero score in the missed exam. No exceptions!

Other Important Exam Policies:

- If you have a disability that influences testing procedures, provide me an official letter from the Office of Disability Services at the start of the semester.

- Your cell phones must be turned off during the exam (not merely on “Vibrate” or “Silent” mode). You are NOT allowed to use your cell phones for any purpose during the exam, including any calculations.
 - You must bring a valid Rutgers photo ID with you on the day of the exam.
 - Alternate seating; do not sit next to another student or in your usual seat.
 - Use the bathroom prior to the exam start.
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GROUP CASE REPORTS

Students will work as part of a group (to be assigned) to write a group report on the following three HBS case studies – *Clarkson Lumber*, *Ocean Carriers*, and *Marriott Corp.: Cost of Capital (Abridged)*. The idea behind having you work on these case studies is to make you apply the concepts learned in class to real-world situations. I will post a set of suggested analysis questions on Canvas for each case under the “Case Studies” Tab.

Due dates for each assignment will be forthcoming.

All reports will be due by () on their respective due dates.

¹ 24 hours will be measured from the START of the exam. For example, if you missed an exam that was scheduled to start at () and end at () you must email me about your absence by Q the next day.

Group Structure and Formation: All of you have already been randomly assigned to groups of 45. You can view your group members by visiting the “Groups” tab on Canvas. You can trade your group memberships with another student during the first week of classes. If trading, both students must email me **no later than** () (a) your current group name, (b) name of the group you are looking to move to, and (c) name of the person whom you are trading group membership with. No changes to groups are allowed for emails received after ().

Case Write-up Format: Your group is advised to approach the case write-ups as if you are a consulting team working for a big consulting firm (say McKinsey) and that the quality of your report to the client (i.e. the CEOs of *Clarkson Lumber*, *Ocean Carriers* and *Marriott*) will determine your salary and career prospects. A significant portion of the grade will be based on how well the report is written.

Your report is limited to a maximum of FIVE double-spaced pages (main body) plus a cover page, cover letter, and no more than eight pages of attachments/appendices. You should attempt to write the report as comprehensive yet concise as possible. The report should have the appropriate footnotes or endnotes where required. You can submit the report in .doc or .pdf format.

Late Group Report Submissions: There is an immediate 100% grade deduction for submitting group reports late! If you miss the submission deadline of the case report by even a minute you will lose all points on case report. Therefore, please make sure that you submit all the case reports on time; DON'T WAIT TILL THE LAST MINUTE! I will follow Eastern Standard Time (EST) strictly to determine whether a case report is submitted late or not. For instance, if a case report due on a () is submitted a minute late on Thursday at midnight, the case report will be considered late and awarded a zero!

OTHER IMPORTANT GRADING POLICIES

No Grade Curving: I will not curve exam scores so come prepared to achieve your best grade at each exam.

No Extra Credit: There will be no opportunities for extra credit for any student. Your final grade in the exam will be strictly determined based on your performance on the exams and assignments.

Grade Positing: I will post all your grades on Canvas within 5 working days of you taking the exam or submitting your case reports and assignments.

Grade Disputes: All grade disputes must be brought to my attention within one week of receiving the grade in question - no considerations for grade change will be made after this one-week period. To notify me, submit your written argument to me via my email address within one week of receiving your grade. Clarify the precise error you feel I made and provide all due supporting documentation. If I have made an error, I will gladly correct it.

Grade Grubbing: Your final grade is NOT subject to negotiation. Unless I have made no error in calculating your grade (see "Grade Disputes" above), I cannot and will not adjust grades. If you are concerned about losing your scholarship, losing tuition reimbursement, losing job opportunities, or dismissals, STUDY HARD! I will not accept these (or any other) excuses to change your grade, and PLEASE DO NOT ASK ME TO DO SO. It is dishonest to attempt to influence faculty in an effort to obtain a grade that you did not earn, and it will not work.

PRACTICE PROBLEMS

Attempt as many of end-of-chapter problems as you can; we will do some in class, and some will be part of your (graded) assignments. Doing end-of-chapter problems will definitely assist you in learning the course material and performing well on the exams.

COURSE SCHEDULE

WEEK	TOPIC	READINGS AND DUES
Week 1	Syllabus overview Introduction to Corporate Finance Discount Cashflows & Valuations	- Chapter 1 & 2 - Entire “Syllabus” on Canvas - See http://www.tvmcalcs.com/
Week 2	Discount Cashflows & Valuations Bond Valuation	- Chapter 2 & 3
Week 3	Bond Valuation Stock Valuation	- Chapter 3 & 4 - <i>Assignment 1 Due</i>
Week 4	Stock Valuation NPV and Other Investment Decisions	- Chapter 4 & 5 - <i>Case 1 Report Due</i>
Week 5	NPV and Other Investment Decisions Making Investment Decisions with NPV Rule	- Chapter 5 & 6
Week 6	Making Investment Decisions with NPV Rule Review for Midterm	- Chapter 6 - <i>Assignment 2 Due</i>
Week 7	MID TERM EXAM	
Week 8	Risk and Return Portfolio Theory & CAPM	- Chapter 7 & 8 - <i>Case 2 Report Due</i>
Week 9	Portfolio Theory & CAPM Valuation Risk and Cost of Capital	- Chapter 8 & 9
Week 10	Risk and Cost of Capital Project Analysis	- Chapter 9 & 10 - <i>Assignment 3 Due</i>
Week 11	Project Analysis Does Debt Policy Matter	- Chapter 10 & 17
Week 12	Does Debt Policy Matter How Much to Borrow?	- Chapter 17 & 18
Week 13	How Much to Borrow? Dividend Policy (Time permitting) Final Review	- Chapter 18 & 16 - <i>Case 3 Report Due</i> - <i>Assignment 4 Due</i>
Week 14	FINAL EXAM	

SUPPORT SERVICES

If you need accommodation for a *disability*, obtain a Letter of Accommodation from the Office of Disability Services. The Office of Disability Services at Rutgers, The State University of New Jersey, provides student-centered and student-inclusive programming in compliance with the Americans with Disabilities Act of 1990, the Americans with Disabilities Act Amendments of 2008, Section 504 of the Rehabilitation Act of 1973, Section 508 of the Rehabilitation Act of 1998, and the New Jersey Law Against Discrimination. More information can be found at ods.rutgers.edu.

[Rutgers University-New Brunswick ODS phone (848)445-6800 or email dsoffice@echo.rutgers.edu]

[Rutgers University-Newark ODS phone (973)353-5375 or email ods@newark.rutgers.edu]

If you are *pregnant*, the Office of Title IX and ADA Compliance is available to assist with any concerns or potential accommodations related to pregnancy.

[Rutgers University-New Brunswick Title IX Coordinator phone (848)932-8200 or email jackie.moran@rutgers.edu]

[Rutgers University-Newark Office of Title IX and ADA Compliance phone (973)353-1906 or email TitleIX@newark.rutgers.edu]

If you seek *religious accommodations*, the Office of the Dean of Students is available to verify absences for religious observance, as needed.

[Rutgers University-New Brunswick Dean of Students phone (848)932-2300 or email deanofstudents@echo.rutgers.edu]

[Rutgers University-Newark Dean of Students phone (973)353-5063 or email DeanofStudents@newark.rutgers.edu]

If you have experienced any form of *gender or sex-based discrimination or harassment*, including sexual assault, sexual harassment, relationship violence, or stalking, the Office for Violence Prevention and Victim Assistance provides help and support. More information can be found at <http://vpva.rutgers.edu/>.

[Rutgers University-New Brunswick incident report link: <http://studentconduct.rutgers.edu/concern/>. You may contact the Office for Violence Prevention and Victim Assistance at (848)932-1181]

[Rutgers University-Newark incident report link: https://cm.maxient.com/reportingform.php?RutgersUniv&layout_id=7. You may also contact the Office of Title IX and ADA Compliance at (973)353-1906 or email at TitleIX@newark.rutgers.edu. If you wish

to speak with a staff member who is confidential and does **not** have a reporting responsibility, you may contact the Office for Violence Prevention and Victim Assistance at (973)353-1918 or email run.vpva@rutgers.edu]

If students who have experienced a temporary condition or injury that is adversely affecting their ability to fully participate, you should submit a request via <https://temporaryconditions.rutgers.edu> .

If you are a military *veteran* or are on active military duty, you can obtain support through the Office of Veteran and Military Programs and Services. <http://veterans.rutgers.edu/>

If you are in need of *mental health* services, please use our readily available services.

[Rutgers University-Newark Counseling Center: <http://counseling.newark.rutgers.edu/>]

[Rutgers Counseling and Psychological Services–New Brunswick: <http://rhscaps.rutgers.edu/>]

If you are in need of *physical health* services, please use our readily available services.

[Rutgers Health Services – Newark: <http://health.newark.rutgers.edu/>]

[Rutgers Health Services – New Brunswick: <http://health.rutgers.edu/>]

If you are in need of *legal* services, please use our readily available services: <http://rusls.rutgers.edu/>

Students experiencing difficulty in courses due to *English as a second language (ESL)* should contact the Program in American Language Studies for supports.

[Rutgers–Newark: PALS@newark.rutgers.edu]

[Rutgers–New Brunswick: eslpals@english.rutgers.edu]

If you are in need of additional *academic assistance*, please use our readily available services.

[Rutgers University-Newark Learning Center: <http://www.ncas.rutgers.edu/rlc>

[Rutgers University-Newark Writing Center: <http://www.ncas.rutgers.edu/writingcenter>]

[Rutgers University-New Brunswick Learning Center: <https://rlc.rutgers.edu/>]

[Optional items that many faculty include:

- Students must sign, date, and return a statement declaring that they understand the RU Academic Integrity Policy.

- Students must sign, date, and return a statement declaring that they understand this syllabus.]