

**THE UNIVERSITY OF NORTH CAROLINA AT GREENSBORO
BRYAN SCHOOL OF BUSINESS AND ECONOMICS**

MBA 605: Financial Management
Course Syllabus
Spring Semester 2006

Instructor: Melissa J. Hershberger
Office: Bryan #423
Phone: 334-5658
Email: mjhersh@uncg.edu
Office Hours: Monday 5:30 pm- 6:15 pm; Wednesday 5:30 pm – 6:15 pm and
By Appointment – Highly recommended

Note that **email** is the best method to quickly get in touch with me.

Purpose of Course:

MBA 605 presents essential financial concepts supported with analytical tools. The concept of valuation is central to finance and MBA 605 provides the basis for understanding the implications and ramifications of varied business strategies and tactics on firm value. MBA 605 is the base for subsequent required and elective courses in Finance. Specific objectives of this module are:

Course Objective:

1. To provide an understanding of the valuation of equity and debt claims, in particular the assessment of the risk characteristics of these types of securities;
2. To provide an understanding of how valuation principles guide a firm's investment decisions;
3. To provide an understanding of financial flexibility;
4. To provide an understanding of financial business strategies and anticipate financing requirements;
5. To provide opportunities to further develop understanding of Excel through a wide range of financial applications.

Text:

Required:

Corporate Finance: A Focused Approach, Second Edition. Michael Ehrhardt and Eugene Brigham, Thomson South-Western College Publishing (2006).

Electronic Resource:

Blackboard will be used for this course. The sign-on site for Blackboard is <http://blackboard.uncg.edu>. Students enrolled in this course will have access to the applicable section of Blackboard. Updates of the Course Syllabus, if required, as well as notes, solutions and other material deemed necessary will be posed to this site and available for download.

We will make use of Microsoft Excel. If you do not have a personal computer or if you do not have MS Excel installed on your computer, it is available on the University's computer network.

If you are considering the purchase of a financial calculator, not required, I would suggest the HP 10B as a good value. Shop around prices do vary.

Grading:

Course grades will be determined as follows:

Test 1	25%
Spreadsheet Problems (3 –10% each)	30%
Written Portion of Final	20%
Final Exam	25%

The grading scale is as follows:

A	92% and above
A-	90 – 91.99%
B+	88 – 89.99%
B	82 -87.99%
B-	80 – 81.99%
C+	78 – 79.99%
C	72 – 77.99%
C-	70 – 71.99%
D+	68 – 69.99%
D	62 - 67.99%
D-	60 – 61.99%
F	< 60%

Teaching Methods and Course Requirements:

General:

This course is designed to provide necessary prerequisite knowledge for MBA students. As such, the class focuses on a specific body of knowledge that must be mastered prior to further MBA studies. In this context, the class does not follow the traditional MBA structure of heavy case analysis, interpretation, and decision-making. Instead, learning occurs through a blend of lectures, problem solving and in-class discussion. .

Format of Module:

The class will be built upon a combination of lecture and discussion. In order to participate in the discussion, as well as complete the written portion of the final exam, it will be necessary for each student to download and read the 10-K of Hooker Furniture Corporation (2-28-06 filing date). You can find the 10-K located at <http://www.sec.gov/edgar.shtml> . Finally, to complete your spreadsheet homework assignments you will need download the Tool Kits and Build A Model templates, additional information follows.

- The syllabus lists two types of reading assignments: required (REQ) and recommended (REC). Student's backgrounds vary and recommended readings provide an opportunity to address gaps in understanding. In a few instances, sections of chapters are designated REC to present more in depth coverage than class time allows.
- **You will need to access the textbook website for the Excel Templates that are required for the homework and spreadsheet homework assignments. The web address is <http://ehrhardt.swcollege.com>. You will need to download the Excel Toolkits and Build A Model spreadsheet templates for each chapter. These downloads are found in student resources.**

Tests:

There will be two tests on the days indicated on the course outline. They are designed to test the student's knowledge of the material assigned for reading as well as covered in class. The format of the tests will be short-answer and multiple choice; they will be given at the beginning of class. It is anticipated that test completion will require approximately 1 and 1/2 hours – it will be announced in the class session prior to a test the exact time that will be allowed for this test. Test 2 is a cumulative final.

Test Dates:

Session 4

Session 8

There are no makeup tests. The weight attributable to a missed test will be allocated to the final test. Unless you have received special permission from me, you are not permitted to take a test in one of my other classes. Please try to notify me at least 48 hours prior to the test. Failure to notify me within 24 hours after the scheduled test will result in an F grade (test score of zero). At the time of notification, I will determine whether to consider the absence excused or unexcused and follow University policy. In the event you miss a test for medical or psychological circumstances, you must provide me with written verification.

Spreadsheet Problems:

There are spreadsheet problems assigned. They all require the use of Microsoft Excel. The purpose of these problems is to provide you with hands-on experience with the application of the concepts covered in class. In addition, it will provide experience in the use of Excel, which is a vital tool, and is used in other MBA courses as well as widely employed in business. This is not a spreadsheet skills class; as graduate students, you are expected to self-tutor if you are unfamiliar with MS Excel.

The spreadsheet problems are due at the start of class on the dates indicated on the class schedule. Please make a copy of your answers so that you will have it available as we review the problem in class. While problems will be accepted early, **under no circumstances will problems be accepted late.**

Spreadsheet due dates:

Session 3

Session 5

Session 7

Written Portion of Final Exam: The written portion of your final exam will be **due at the start of Session 7**. The assignment will involve the use of tools and techniques acquired from the assigned material and class lectures as they apply to Hooker Furniture Industries. The detailed assignment will be handed out in our second session. It is an individual assignment in that each student must turn in their own work, but discussion among your class mates is not prohibited.

Recommended Homework:

The recommended homework, not required to be turned in, consist of the end of chapter exercises. This homework consists generally of exercises that are designed to increase student understanding and assist in your preparation for the tests. Solutions to these exercises will be posted on Blackboard following the class.

Weather Policy:

In the event of a cold weather event (ice, snow), this class will strictly follow the University schedule. The University posts on the web site the status of classes (additionally, the area TV stations make announcement) when a weather event occurs, please refer to this source prior to class time.

Academic Integrity Policy:

Each student is expected to complete all requirements of this course in all respects in conformity with UNCG's Academic Integrity Policy. The paragraph below, which was taken from this policy, highlights students' responsibilities regarding academic integrity.

Students should recognize their responsibility to uphold the Academic Integrity Policy and to report apparent violations to the appropriate persons. Students who do not understand the policy or its application to a particular assignment are responsible for raising such questions with their faculty member.

Other Comments:

While it is understood that graduate students have busy schedules that include business conflicts, please exercise good judgment in missing class only when necessary. Part of this responsibility is to understand that assignments will be accepted early, but no assignment will be accepted late. **In the event that you must miss class, assignments due at the beginning of class (spreadsheet problems) can be sent electronically, but must be received prior to the start of the class. You may make arrangements with me to take tests early; no tests will be given late.** Keep in mind, in a class meeting only once a week, absences can quickly become a problem. Thus, excessive absences can and will result in direct and indirect grade reductions.

There are no opportunities for extra credit in this course.

The material in this course may be difficult for some. However, it is vital to your professional success. If you are having problems understanding the subjects presented, see me. Don't wait until it is too late. Since this course builds on cumulative knowledge, problems in the early portion of the class will only compound as the semester progresses.

Tentative Schedule:

Session 1:

Topics: Financial Environment, Interest Rates and Time Value of Money

Reading (REQ): Chapter 1 pages 11 – 32 and Chapter 2 (all)

Reading (REC): Chapter 1 pages 1-11.

Required Assignment (REQ): Toolkit for Chapter 2

Required for Discussion: Please come prepared to class to answer the following questions after scanning (reading) through the 10-K of Hooker Furniture Corporation:

1. What does Hooker Furniture Corporation do?
2. Does the Corporation pay dividends?
3. What are the risks facing Hooker?

Comments: A solid grasp of the time value of money is central to the study of finance. Work lots of end of chapter problems to drill on this material.

Session 2:

Topics: Risk and Return and Bond Valuation

Reading (REQ): Chapter 5 and Chapter 6

Required Assignment (REQ): Toolkit for Chapter 5 and Toolkit for Chapter 6

Session 3:

Topics: Equity Valuation and Weighted Average Cost of Capital (WACC)

Reading (REQ): Chapter 7 and Chapter 9 pages 276-289

Required Assignment (REQ): Toolkit for Chapter 7 and Toolkit for Chapter 9 (limited to WACC)

Required Assignment to TURN IN FOR GRADING: Build A Model (Spreadsheets for Chapters 2,5,6)

Session 4:

Test Chapter 2, 5, 6 and 7

Topics: The Basics of Capital Budgeting

Reading (REQ): Chapter 10 pages 310-323 and Chapter 11 pages 344-364

Required Assignment (REQ): Toolkit for Chapter 10

Session 5:

Topics: Financial Planning & Forecasting

Reading (REQ): Chapter 12 and Chapter 13

Required Assignment (REQ): Toolkit for Chapter 12 and Chapter 13

Required Assignment to TURN IN FOR GRADING: Build A Model (Spreadsheets for Chapter 10)

Session 6:

Topics: Financial Options, Their Valuation, and Applications in Corporate Finance

Reading (REQ): Chapter 8

Required Assignment (REQ): Toolkit for Chapter 8

Session 7:

Topics: Working Capital Management

Reading (REQ): Chapter 16

Required Assignment to TURN IN FOR GRADING: Build A Model (Spreadsheets for Chapters 12 and 13)

WRITTEN PORTION OF FINAL EXAM REQUIRED TO BE TURNED IN.

Session 8:

TEST: Cumulative Final

Topics: Wrap Up and discussion of Hooker Furniture Corporation

Homework: None