

Standard Course Outline
FIN 470
Seminar in Financial Management

1. General Information:
Units: 3 credits
Prerequisites: FIN 400.
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2. Catalog Description:
Designed to enhance comprehension of finance theories through case studies. The subject of each designed case is related to specific finance subjects including estimation of cost of capital, resource allocation and capital budgeting, IPOs, stock repurchase, dividend policy, agency cost, and merger and acquisition. Letter grade only (A-F).
3. Curriculum Justification:
The course is aligned with the CBA learning goals of critical thinking, business functions, quantitative and technical skills, interpersonal, leadership skill and team skills.
4. Course Objectives:

Skill- and Content-specific Goals of this course are:

Critical Thinking:

Students are able to integrate their conceptual understanding of financial theories with the EXCEL analytical application to explore the essential issues under different scenarios. Accordingly, the students are expected to deliver their recommendations to the board of directors.

Business Functions:

Students will understand the important functions of financial forecasting and how the forecasted results affect the corporate decisions.

Quantitative and Technical Skills:

Students will possess quantitative and technical skills enabling them to improve financial management decisions. Subsequently, students will demonstrate that they can make decisions based on quantitative analysis using the principles, concepts, and techniques through their performance on exams, group cases assignments and individual case assignment.

Interpersonal, Leadership Skill and Team Skills:

1. Student will generate team/group decision-making through managing interpersonal conflict, negotiating and integrating and their skills with others' to produce financial management decisions and deliver oral presentations.
2. Students will demonstrate that they understand the common errors in team/group decision making and will be able to correct them as a team.

5. Outline of Subject Matter:

Topics to be covered in this class typically include:

	Topics
1	Introduction/Form the teams Q/ A Cash Flow Estimation and Risk Analysis
2	Cost of Capital Estimation <ul style="list-style-type: none"> • An appropriate estimated discount rate is indispensable to a firm's capital budgeting decisions. In particular, given the current economic environment, it is vital to secure its financing option. • Students are asked to select one company as the study subject. Then, students have to explore different resources (internet, library e-databases, etc.) to provide the best estimated WACC of your chosen firm. Pre-Assessment (FIN 400 comprehension test)
3	Corporate Valuation, Value-Based Management and Corporate Governance <u>Case Meeting – Discussion of Group Case #1</u> <u>Mariott Case -</u> <ul style="list-style-type: none"> • How to estimate WACC for the whole company and for each line of business? • How to calculate equity beta based on comparable firms? • How to re-lever beta to adjust the capital structure? • How to determine the appropriate risk-free rate and market risk premium? • How to make an appropriate choice of the time period to estimate expected return? • How to integrate a firm's financial system with the firm's overall operating strategy?
4	Capital Structure Decisions – Part I and Part II Hamada Equation Application
5	Individual case presentation Mergers, LBOs, Divestitures and Holding Company
6	Group Case - Presentation Note on M& and Method of Valuations for M&A <ul style="list-style-type: none"> • A note on mergers and acquisitions and valuation Methods of valuation for mergers and acquisitions
7	Hybrid Financing – Preferred stocks, warrant and convertible
8	<u>Case Meeting – Discussion of Group Case #2</u> <u>Monmoth Case -</u> The case is written from the standpoint of the Monmouth management. This case provides the students to evaluate the acquisition of Robertson <i>broadly</i> in terms of the strategic fit of two companies and more <i>narrowly</i> in terms of the financial value of Robertson as an acquisition.

	<p>This value can be assessed from a variety of approaches, including</p> <ul style="list-style-type: none"> • Discounted cash flow analysis • Market multiple • The impact on Monmouth's EPS through stock exchange
9	IPOs, Investment Banking and Financial Restructuring
10	Group Case #2 - Presentation Class discussion of special topic of "Ready to be a financial analyst"
11	<p><u>Case Meeting – Discussion of Group Case #3 Hansson Private Label Case -</u></p> <ul style="list-style-type: none"> • Define and derive debt-free cash flow • Critically analyze the assumptions underlying financial projections • Learning the role of opportunity cost of capital when making the capital budgeting decisions • Calculate NPV and analyze its sensitivity to projected variables • Learn alternative methods of evaluation methods
12	Group Case #3 Presentation
13	Class discussion of special topic of "Ready to value business"
14	<p><u>Case Meeting – Discussion of Group Case #4h Mercury Athletic Footwear Case -</u></p> <p>The case uses the potential sale of Mercury Athletic Footwear (hereafter, MAF), a mid-size athletic and casual shoe company, to teach undergraduate and the first-year MBA students the basic discounted cash flow valuation using the WACC. It is helpful for students to have previously studied a simple case on DCF-based project valuation and a simple case on the cost of capital.</p> <ul style="list-style-type: none"> • To formulate projections of debt-free cash flows using pro forma financial statements then to estimate a terminal value and cost of capital for the enterprise. • To consider whether and how to incorporate the effects of synergies. • To propose the possible bid for Mercury.
15	Group Case #4 Presentation Case Meeting - Radio One Case

6. Methods of Instruction:

Instructor is expected to lecture on theories & concepts of finance and further guide students through the applications of HBR group cases assignments (presentations/ EXCEL analytical

financial forecasting) and individual case presentation along with in-class discussion.

Instructors in planning the exams, and other grading procedures, should adhere to the relevant [University Policy on “Grades, Grading Procedures, and Final Assessments, Final Course.”](#)

The textbooks for this course should be chosen in accordance with the [University Policy on textbooks](#). There are many appropriate textbooks for this course; it is generally agreed that none of them is perfect.

Recommended Textbooks:

Financial Management: Theory and Practice, 13th Ed. by E. F. Brigham and M. C. Ehrhardt, Thomson/South-Western, 2008.

Case Book of Selected Harvard Business School Cases

7. Instructional Policies:

Instructors may specify their own policies with regard to grading, class-room behavior, make-up exam, withdrawal, academic integrity, absences, etc., as long as these policies are consistent with the University policies.

The students are expected to comply with the universally accepted norms of considerate and courteous behavior, and with all University rules and policies found in the current [University Catalog](#). It will be assumed that the students will adhere to the tenets of *academic integrity* as articulated in [Dean’s Letter on Academic Integrity](#) throughout this course.

Students with Disabilities: Students with disabilities are responsible for notifying their instructor as early as possible of their needs for an accommodation of a verified disability. A student with a disability is urged to consult with Disabled Student Services as soon as possible in order to identify possible accommodations to enhance academic success.