

FLORIDA ATLANTIC UNIVERSITY™

Graduate Programs—NEW COURSE PROPOSAL¹

UGPC APPROVAL _____
 UFS APPROVAL _____
 SCNS SUBMITTAL _____
 CONFIRMED _____
 BANNER POSTED _____
 CATALOG _____

DEPARTMENT
FINANCE

COLLEGE
BUSINESS

RECOMMENDED COURSE IDENTIFICATION (TO OBTAIN A COURSE NUMBER, CONTACT ERUDOLPH@FAU.EDU)

PREFIX FIN COURSE NUMBER 7843 LAB CODE (IF APPROPRIATE, L OR C) _____
L = LAB COURSE; C = COMBINED LECTURE/LAB

COMPLETE COURSE TITLE: **State of the Art Managerial Finance**

EFFECTIVE DATE

(first term course will be offered)

 SPRING 2018

CREDITS²

3

TEXTBOOK INFORMATION Michael C. Ehrhardt and Eugene F. Brigham, Corporate Finance: A Focused Approach, Southwestern Publishing, Cengage Learning, 4th Edition (or latest Edition)

GRADING (SELECT ONLY ONE GRADING OPTION): REGULAR X SATISFACTORY/UNSATISFACTORY _____

COURSE DESCRIPTION, NO MORE THAN THREE LINES: The course covers the theory and practice of financial planning and management. It emphasizes the capital structure of business enterprise, its cost of capital, and its evaluation. Applications of quantitative methods to capital theory.

PREREQUISITES* ADMISSION TO THE EXECUTIVE CONCENTRATION OF THE FAU PHD PROGRAM

COREQUISITES*

REGISTRATION CONTROLS (MAJOR, COLLEGE, LEVEL)*

ADMISSION TO THE EXECUTIVE CONCENTRATION OF THE FAU BUSINESS PHD PROGRAM

* PREREQUISITES, COREQUISITES AND REGISTRATION CONTROLS WILL BE ENFORCED FOR ALL COURSE SECTIONS.

MINIMUM QUALIFICATIONS NEEDED TO TEACH THIS COURSE:

MEMBER OF THE GRADUATE FACULTY OF FAU AND HAS A TERMINAL DEGREE IN THE SUBJECT AREA (OR A CLOSELY RELATED FIELD).

Faculty contact, email and complete phone number:
 Professor Anita Pennathur
 954 237 1272

Please consult and list departments that might be affected by the new course and attach comments.³
none

Approved by:

Department Chair: Edmund
 College Curriculum Chair: Wm R McDaniel
 College Dean: Ken H. [Signature]
 UGPC Chair: _____
 Graduate College Dean: _____
 UFS President: _____
 Provost: _____

Date:

10-19-17
10-20-2017
10-24-2017

1. Syllabus must be attached; see guidelines for requirements:
www.fau.edu/provost/files/course_syllabus.2011.pdf

2. Review Provost Memorandum: **Definition of a Credit Hour**
www.fau.edu/provost/files/Definition_Credit_Hour_Memo_2012.pdf

3. Consent from affected departments (attach if necessary)

GRADUATE COLLEGE

NOV 01 2017

Received

Email this form and syllabus to UGPC@fau.edu one week before the University Graduate Programs Committee meeting.

Finance Seminar I
State of the Art Managerial Finance
FIN 7843
CRN Number:
Fall Semester

Professor Information

Please include the class number in the subject line until I learn all your names. While I usually respond to emails as soon as possible, allow at least 24 hours for a response; longer for weekends. Please do not wait till the last minute to email me when issues arise.

Office Hours:

Required Text

Students should have reliable Internet access, a browser compatible with Blackboard software and Microsoft Office 97 or higher (including Word, Excel and PowerPoint). Also required are regular access to the Wall Street Journal, and a financial calculator (including internal rate of return analysis). The required textbook for the class is:

Michael C. Ehrhardt and Eugene F. Brigham, Corporate Finance: A Focused Approach, Southwestern Publishing, Cengage Learning, 4th Edition (or latest Edition)

If you need help with excel skills for finance, the recommended text is [Financial Analysis with Microsoft Excel](#) -- Mayes and Shank, Thomson SouthWestern, Sixth edition.

Required Material:

The Wall Street Journal should be read on a daily basis. I will also post articles through the course of the session which we will discuss on Blackboard.

Course Description

Catalog Description: The course covers the theory and practice of financial planning and management. It emphasizes the capital structure of business enterprise, its cost of capital, and its evaluation. Applications of quantitative methods to capital theory.

This first finance seminar covers financial decision making from the perspective of the executive or manager in acting to add value to the firm. We will review the basic principles of financial management and build spreadsheets to facilitate a broad spectrum of financial analysis, and will then apply these tools to specific situations and cases. The class will require you to develop analytical tools for financial analysis, practice quantifying measures of financial health, learn to identify financial strengths and weaknesses in businesses, and make recommendations for sound decisions.

GRADUATE COLLEGE

Course Prerequisites and Credit Hours

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Please also note that all assignments need to be turned in by the due dates as outlined on the syllabus or detailed via email in case of a rare change of deadline of a hw or quiz. I will do my part in giving you adequate notice in case of any change, which usually is in the form of an extension. In the same token, I expect that all work will be done by the deadlines. This applies to all components of the course grade, homework, tests, quizzes, cases, reports, discussions, etc. Please do not ask for any changes in deadlines. I do

not have the policy of assigning work for extra credit. All components of the grade have to be completed in order to earn a passing grade in the class. If you want me to fill out a withdrawal form, I will be accurate and verify the true grade at the time of withdrawal, based on the total number of points possible as outlined in the syllabus.

Therefore, please work hard and plan your time very carefully. I do not give incompletes or extra credit and you should not have an expectation that I will curve. The exam material is more comprehensive than the quizzes, homework, reports, and any of the cases, so it will be more difficult than a quiz. The final will be harder than the midterm, as the material gets progressively more detailed.

Course Learning Objectives

The learning outcomes for this course are:

- Interpret and apply financial statement analyses and other financial disclosures to evaluate the health and performance of a company.
- Apply financial math and valuation techniques to value securities, capital projects, and other assets.
- Facilitate financial decision making by using applying financial techniques to evaluate project selection, assess risk, and estimate cost of capital.
- Analyze the relationships that exist between financial markets and the financial decisions of business firms.

Comprehend applied research and cases published in academic journals.

Course Structure

Grading Policy: Grading policies are established in advance in order to be fair to all students. Please do not make requests for extra credit or additional assignments, as they will not be granted. No make-up quizzes or tests will be given. Exam dates will not be changed, so please note the dates carefully at the beginning of the semester. Only exceptions to exam, hw/quiz, and attendance policy are University-sanctioned excuses. Points are assigned as follows:

Item	Points for Each (*number of items)	Total Possible Points
Individual/Group Reports	125 (2)	250
Individual Participation	120	120
Quiz	40 (2)	80
Homework	20(5)	100
Test 1	200	200
Test 2	250	250
Total		1000

Grading Scale Grades are assigned on the basis of 1000 possible points in the class. Note that I do not round up or down for grades; so for example, if your grade is 79.67, do not assume that it will be rounded up to a B-.

Withdrawals/Drop-Add: Please ensure that you know the appropriate drop/withdrawal dates per the Exec. Programs timetable for this class.

Course Evaluation Method

A	92% and up	C	72.5-78.49
A-	90-91.99	C-	70-72.49
B+	87.5-89.99	D+	68.5-69.99
B	82.5-87.49	D	62.5-68.49
B-	80-82.49	D-	60-62.49
C+	78.5-79.99	F	Below 60

Additional Course Policies

The course will be structured around 6 main topic areas presented over 2-3 weekly units. The units will comprise of two main areas; the introduction (or review) of a finance theory/concept; applications to the business world/cases/applied research readings.

Active discussion of the topics and assigned readings is essential.

My primary tasks as the instructor are: (1) to facilitate your learning experience by providing a lesson plan that guides you through the course material and (2) to assess your ability to comprehend, retain, and express that material through quizzes, reports, homework, cases, and examinations. The burden of learning the material lies squarely on your shoulders, so I hope you are a self-starter and hard worker!

IS THIS COURSE SUITABLE FOR YOU?

This course is designed to provide a substantial amount of knowledge about financial management decisions. It maintains the standards that are appropriate for a legitimate Executive PhD program. This is important, because it can enhance the credibility of an Executive PhD program from the perspective of existing or potential employers that hire our students. The degree of rigor in this course is similar to the degree of rigor if I was teaching the course in a traditional classroom setting. This course uses several different methods to ensure that you comprehend the content. To determine if this course is suitable for you, consider the following questions:

1. Do you have the proper finance background?
2. Do you have sufficient time to do the work that is required of this course? If you do not think you will have time to do the assigned readings and do the assignments, you should not take the course now. If you are believe that you will be very busy in this semester and would have very little time to study, you should not take this course. If you are just hoping for an easy course with very little content, this is not the appropriate course. For those of you who are taking this MBA course because you want to absorb a substantial amount of content, and you understand that an MBA course should be challenging so that you can use the information you learn in the business world, this course should fulfill your goals.

Academic Honesty:

The university policy regarding academic honesty is strictly followed. Cheating will not be tolerated and will result in a grade of zero for the work in question. Plagiarism (the representation as one's own, in whole or part, of the work

of others) is a form of cheating. Proper citation and attribution is absolutely required in all work. For more information, please refer to the College of Business Academic Honesty Policy. All written assignments can be screened for academic honesty and originality using turnitin.com. Any reports not the author's own work will receive a grade of zero. If I find out that you have borrowed from any source, I may choose to assign a grade of zero. Beyond that, the value of the class comes in finding your own solutions to these problems, so you are compromising the value of your degree. Please do your own work.

Selected University and College Policies

Selected University and College Policies

Code of Academic Integrity Policy Statement

Students at Florida Atlantic University are expected to maintain the highest ethical standards. Academic dishonesty is considered a serious breach of these ethical standards, because it interferes with the university mission to provide a high quality education in which no student enjoys an unfair advantage over any other. Academic dishonesty is also destructive of the university community, which is grounded in a system of mutual trust and places high value on personal integrity and individual responsibility. Harsh penalties are associated with academic dishonesty. For more information, see [University Regulation 4.001](#).

Disability Policy Statement

In compliance with the Americans with Disabilities Act (ADA), students who require special accommodation due to a disability to properly execute coursework must register with the Office for Student Accessibility Services (SAS) – in Boca Raton, SU 133, (561) 297-3880; in Davie, LA 131, (954) 236-1657; in Jupiter, SR 117, (561) 799-8585 – and follow all SAS procedures.

Religious Accommodation Policy Statement

In accordance with rules of the Florida Board of Education and Florida law, students have the right to reasonable accommodations from the University in order to observe religious practices **and beliefs with regard to admissions, registration, class attendance and the scheduling of** examinations and work assignments. For further information, please see [Academic Policies and Regulations](#).

University Approved Absence Policy Statement

In accordance with rules of the Florida Atlantic University, students have the right to reasonable accommodations to participate in University approved activities, including athletic or scholastics teams, musical and theatrical performances and debate activities. It is the student's responsibility to notify the course instructor at least one week prior to missing any course assignment.

College of Business Minimum Grade Policy Statement

The minimum grade for College of Business requirements is a "C". This includes all courses that are a part of the pre-business foundation, business core, and major program. In addition, courses that are used to satisfy the university's "Writing Across the Curriculum" and Gordon Rule math requirements also have a minimum grade requirement of a "C". Course syllabi give individualized information about grading as it pertains to the individual classes.

Incomplete Grade Policy Statement

A student who is passing a course, but has not completed all work due to exceptional circumstances, may, with consent of the instructor, temporarily receive a grade of incomplete (“I”). The assignment of the “I” grade is at the discretion of the instructor, but is allowed only if the student is passing the course.

The specific time required to make up an incomplete grade is at the discretion of the instructor. However, the College of Business policy on the resolution of incomplete grades requires that all work required to satisfy an incomplete (“I”) grade must be completed within a period of time not exceeding one calendar year from the assignment of the incomplete grade. After one calendar year, the incomplete grade automatically becomes a failing (“F”) grade.

Withdrawals

Any student who decides to drop is responsible for completing the proper paper work required to withdraw from the course.

Grade Appeal Process

A student may request a review of the final course grade when s/he believes that one of the following conditions apply:

- There was a computational or recording error in the grading.
- Non-academic criteria were applied in the grading process.
- There was a gross violation of the instructor’s own grading system.

The procedures for a grade appeal may be found in [Chapter 4 of the University Regulations](#).

Disruptive Behavior Policy Statement

Disruptive behavior is defined in the FAU Student Code of Conduct as “... *activities which interfere with the educational mission within classroom.*” Students who behave in the classroom such that the educational experiences of other students and/or the instructor’s course objectives are disrupted are subject to disciplinary action. Such behavior impedes students’ ability to learn or an instructor’s ability to teach. Disruptive behavior may include, but is not limited to: non-approved use of electronic devices (including cellular telephones); cursing or shouting at others in such a way as to be disruptive; or, other violations of an instructor’s expectations for classroom conduct.

Faculty Rights and Responsibilities

Florida Atlantic University respects the right of instructors to teach and students to learn. Maintenance of these rights requires classroom conditions which do not impede their exercise. To ensure these rights, faculty members have the prerogative:

- To establish and implement academic standards
- To establish and enforce reasonable behavior standards in each class
- To refer disciplinary action to those students whose behavior may be judged to be disruptive under the Student Code of Conduct.

Florida Statute Statement

According to Florida State Statute 6A-10.033, students must spend a minimum of 37.5 hours of **in class** time during a 3-credit course. Additionally, students enrolled in a 3-credit course are expected to spend a minimum of 75 hours of **out-of-class-time** specifically working on course-related activities (i.e., reading assigned pieces, completing homework, preparing for exams and other assessments, reviewing class notes, etc.) and fulfilling any other class activities or duties as required.

Course Schedule: This schedule is tentative and subject to change if necessary. For each class, please read the assigned material BEFORE the class meets.

Unit	Week of:	Assignment	Report/Excel/Case
Topic Area 1: Fundamental Concepts of Corporate Finance			
1		Overview of Financial Management and the Financial Environment: Chapter 1 Financial Statements: Chapters 2 and 3	Applied Reading/Case Individual Report Assigned
Topic Area 2: Fixed Income Securities			
2	HW set 1 due	Time Value of Money: Chapter 1	Applied Reading/Case
3	HW set 2 due	Bonds, Bond Valuation, and Interest Rates: Chapter 5	Interest Theories, Current Interest Rate Environment, Global Markets
Topic Area 3: Stocks and Options			
4	Quiz 1	Risk and Return: Chapter 6 Quiz 1	Individual Report #1 presentation
5		Stock Valuation: Chapter 7 Midterm	
6	HW set 3 due	Financial Options: Chapter 8	Applied Cases: Derivatives and Hedging, Southwest Airlines and Beyond
Topic Area 3: Projects and Their Valuation; Capital Structure Theory			

7	HW Set 4 due:	The Cost of Capital: Chapter 9 Capital Budgeting: Chapters 10 and 11	
Topic Area 4: Corporate Valuation and Governance			
8	Quiz 2	Valuation and IPOs: Chapters 12 and 13 Quiz 2	Practice: IPOs and Methods of Valuation.
Topic Area 5: Cash Distributions and Capital Structure			
9	HW set 5 due	How do firms return cash to stockholders: Chapter 14 Capital Structure Theory: Chapter 15	Individual paper 2 due.
10		Final Exam	Paper Presentations

Readings List

1. Jensen and Meckling, 1976, Theory of the Firm, Managerial Behavior, Agency Costs and Ownership Structure, *Journal of Financial Economics* 3, 305-360.
2. Roll, Richard, 1986, "The Hubris Hypothesis of Corporate Takeovers." *Journal of Business* 59 197–216.
3. David Yermack, 2006, Flights of fancy: Corporate jets, CEO perquisites, and inferior shareholder returns, *Journal of Financial Economics*, Volume 80, Issue 1, April 2006, Pages 211-242
4. Rajan, Raghuram G., and Luigi Zingales, "What Do We Know about Capital Structure? Some Evidence from International Data," *The Journal of Finance*, Vol. 50, No. 5 (Dec., 1995), pp. 1421-1460.
5. Roll, Richard, "The Hubris Hypothesis of Corporate Takeovers," *The Journal of Business*, Vol. 59, No. 2, Part 1 (Apr., 1986), pp. 197-216.
6. Bertrand, Marianne, and Sendhil Mullainathan, "Enjoying the Quiet Life? Corporate Governance and Managerial Preferences," *The Journal of Political Economy*, Vol. 111, No. 5 (Oct., 2003), pp. 1043-1075.
7. J. Chevalier, Capital structure and product market competition: Empirical evidence from the supermarket industry, *American Economic Review*, 85 (1995), 415-435.
8. Adams, R., B. Hermalin, and M. Weisbach, 2010, "The Role of Boards of Directors in Corporate Governance: A Conceptual Framework and Survey," *Journal of Economic Literature* 48, 58-107.
9. Bebchuk, L., and M. Weisbach, 2010, "The State of Corporate Governance Research," *Review of Financial Studies* 23, 939-961.
10. M. Carey, A. K Kashyap, R. Rajan, R. M. Stulz, Market Institutions, Financial Market Risks, and the Financial Crisis, *Journal of Financial Economics* 104, June 2012, Pages 421–424.

