

FORDHAM UNIVERSITY

GSB-FINANCE

Spring 2020

Course: FNBU 3221 - FINANCIAL MANAGEMENT
Tuesdays & Fridays

Start Week: 01/14/2020

End Week: 05/9/2020

Room: TBA

Instructor: Chris Droussiotis

Office hours: by appointment - Tuesdays (before Calss)

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Course Outline:

This course is designed to provide practitioners and those seeking careers in finance with a rigorous combination of theory and practice as we explore the fundamental principles of finance. Students currently employed in this dynamic and evolving field will have the opportunity to become familiar with many of the core principles and concepts commonly applied in their field daily. From a practical perspective, Introduction to Finance is meant to reinforce work-related practices, such as analyzing financial statements, the application of time value of money concepts, asset valuation on a discounted cash flow (DCF) basis, cost benefit analysis (CBA), and the quantification of the multifaceted relationship between risk and return in financial markets.

Through this course, students wishing to enter diverse areas of finance, such as asset management, credit analysis, financial and investment analysis, portfolio management, and risk management, will have the opportunity to acquire and develop critical work-related skills. These include evaluating corporate performance based on a thorough analysis of financial statements, estimating the present and future values of a wide range of cash flows, and using these concepts as the basis for asset valuation, applying commonly used cost-benefit analysis methods to evaluate investment decisions, and estimating the risk and return of individual securities and diversified portfolios.

The topics covered in this course provide students with the necessary background and preparation to take more advanced courses in finance.

Required Textbook:

Ross, Westerfield, and Jordan. (2012) Fundamentals of Corporate Finance, 12th Edition. McGraw-Hill Irwin. ISBN 978-1-259-91895-7

Supplemental Readings

The professor will post supplementary articles, business cases, and Powerpoint Lecture Notes on his website at www.ProfessorDrou.com .

Recommended Textbooks

The following two texts are highly recommended but not required for the course:

C. Droussiotis (2019). **An Analytical Approach to Investments, Finance and Credit**, Preliminary Edition Cognella Publishing ISBN: 978-1-5165-4911-5

Fabozzi, F., & Modigliani, F. (2009). **Capital Markets: Institutions and Instruments**, 4th Edition. Pearson/Prentice Hall. ISBN: 10 0136026028.

Brigham, E. F., & Houston, J. F. (2010). **Fundamentals of Financial Management**, 12th Edition. Thompson/Southwestern. ISBN: 10 0-324-59770-3

Financial Calculators

Given the scope and nature of Introduction to Finance, students are strongly recommended to obtain a financial calculator, such as: HP-10BII or Texas Instruments (TI) BAIL.

Chapters 4 and 6 in your textbook include an appendix that shows how to use both of these financial calculators to perform present value and future value calculations and to solve for the rate of return.

Excel

In addition, students are encouraged to use Excel to perform the analytical calculations discussed in the course. Most of the lectures will include spreadsheet analysis.

Materials to be provided by the Instructor:

Various additional handouts, articles of interest, case studies, lecture notes and spreadsheets can be found at the instructor's web page at www.ProfessorDrou.com.

Course Objectives:

Upon successful completion of this course, the student will be able to:

1. Identify the basic types of financial management decisions and the role of the financial manager.
2. Describe the principal characteristics of the different forms of business organization.
3. Classify the core components of the three (3) principal financial statements: the balance sheet, the income statement, and the statement of cash flows.
4. Describe the applications and uses of common-size financial statement analysis.
5. Identify commonly-used financial ratios to measure a firm's financial performance.

6. Apply the principal time value of money (TVM) concepts used in financial analysis and valuation.
7. Determine the value of debt and equity securities using discounted cash flow methods (DCFs) and alternative valuation techniques.
8. Apply the Net Present Value (NPV) method and alternative decision rules such as the Internal Rate of Return (IRR) and the Payback Method to evaluate investment projects.
9. Analyze the tradeoffs between risk and return in capital markets.
10. Estimate the risk-return tradeoff for diversified investment portfolios by applying the fundamental principles of portfolio theory.

Grading:

Midterm Exam I & II	25%
Final Exam	35%
Homework	25%
Class Attendance/Participation	10%
Total	100%

Course Requirements (Assignments)

Graded Homework Problems (25%):

Graded Homework Problems give you an opportunity to demonstrate your mastery of the topics covered in the course and solidify your knowledge of finance theory through the practical application of the concepts, models, and theories, discussed in class. Students are required to submit a set of Graded Homework Problems for each chapter through the McGraw Hill publishing CONNECT. Please note that CONNECT is set-up to adjust lower points for Late submissions. You can access the homework assignments from the Instructor's website www.ProfessorDrou.com. Each Graded Homework Problems set will include between 5 and 10 exercises from the end of each of the assigned chapters from the textbook.

Midterm Exams (25%):

The Midterm Exams will cover chapters 1-5 including financial analysis statements, ratio analysis, projections and corporate valuation sections. The students need to study the various spreadsheet analysis covered in class including the Celerity Technology Company case study; the Alexandria Hotel WACC analysis and Hyatt Corporation enterprise valuation methods. The exam will be closed books and notes taken in class (check the date on the website www.ProfessorDrou.com).

Final Exam (35%):

The Final Exam will include some of the concepts from the midterm including valuation for private and publicly traded companies. Most of the exam though will focus on chapters 6-16. The students

need to study spreadsheets analysis covered in class including the Alexandria Hotel projections and DCF analysis, AK Steel Stock Valuation, LBO and Capital Markets financial model, and Return and bond analytics spreadsheet. The exam will be taken during the Exam Period. It will be opened books and notes taken in the computer lab (on-line) (check the date on me webpage at www.ProfessorDrou.com).

Class Participation & Attendance (15%):

Attendance is mandatory. Please let the instructor know that you won't be able to attend class. The Instructor encourages class participation especially when reading assignments are given the week before - expect pop quizzes on reading assignments.

Grading Scale:

A	93 - 100	C+	77 - 79
A-	90 - 92	C	73 - 76
B+	87 - 89	C-	70 - 72
B	83 - 86	D	60 - 69
B-	80 - 82	F	Below 60

ACADEMIC INTEGRITY POLICY

Students enrolled at Fordham University are expected to maintain the highest standards of academic honesty. Students have the responsibility to each other to make known the existence of academic dishonesty to their course instructor, and then, if necessary, the department chairperson/school director or the academic dean of their college. Course instructors have the added responsibility to state in advance in their syllabi any special policies and procedures concerning examinations and other academic exercises specific to their courses. Students should request this information if not distributed by the instructor. Academic dishonesty includes, but is not necessarily limited to, the following:

- **Cheating** - Giving or receiving unauthorized assistance in any academic exercise or examination. Using or attempting to use any unauthorized materials, information or study aids in an examination or academic exercise.
- **Plagiarism** - Representing the ideas or language of others as one's own
- **Falsification** - Falsifying or inventing any information, data or citation in an academic exercise.
- **Multiple Submissions** - Submitting substantial portions of any academic exercise more than once for credit without the prior authorization and approval of the current instructor.
- **Complicity** - Facilitating any of the above actions or performing work that another student then presents as his or her assignment.
- **Interference** - Interfering with the ability of a student to perform his or her assignments

Sanctions: Any student found guilty of academic dishonesty will, for the first offense, receive one or a combination of the following penalties:

1. No credit (0) or F (failure) for the academic exercise.
2. Reduced grade for the course.
3. An F (failure) in the course that is identified on the student's permanent record card as permanent and cannot be removed.
4. Recommendation for academic probation to the dean's office. In cases of interference and complicity, when the student is not registered in the affected course, the incident may be recorded on the student's permanent record. In any case, the incident and penalty will be recorded in the student's file maintained in the campus Office of Enrollment Services.

For a second offense of academic dishonesty, a student will be subject to any combination of the above sanctions and, with concurrence of the academic dean, one of the following:

1. Suspension from the University for one year. Readmission will be contingent upon the approval of the academic dean.
2. Dismissal from the University.

FNBU 3221 FINANCIAL MANAGEMENT

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Course Schedule/Course Calendar
 Please check the website www.ProfessorDrou.com:

Week	Date	LO	Chapter	Lecture	Assignments
1.	TUE 1/14	L1, L2	Chapter 1: Introduction to Corporate Finance	<ul style="list-style-type: none"> • Read Course Syllabus. • Complete “Getting to Know You” forum. <p style="text-align: center;"><u>LECTURE 1 – NOTES</u></p> <ul style="list-style-type: none"> • Introductory Finance Concepts • Value Creation and the Role of Financial Manager 	
	FRI 1/17	L3	Chapter 2: Financial Statements, Taxes and Cash Flow	<p style="text-align: center;"><u>LECTURE 2 – NOTES</u></p> <ul style="list-style-type: none"> • Understanding Financial Statements. • Building a Cash Flow Statement (Instructor will provide a handout) • CASE STUDY: Celerity Tech Inc. 	Homework 1: (CONNECT) Chapter 1
	TUE 1/21	L4 L5	Chapter 2 - 3: Financial Statements, Taxes, and Cash Flows	<p style="text-align: center;"><u>LECTURE 2 – NOTES (Cont’)</u></p> <ul style="list-style-type: none"> • Building a Cash Flow Statement (Instructor will provide a handout) • CASE STUDY: Celerity Tech Inc. • Working Capital Management • Ratio Analysis • CASE STUDY: Celerity Tech Inc. 	Homework 2: (CONNECT) Chapter 2
2	FRI 1/24	NO CLASS			
3.	TUE 1/28 FRI 1/31	L5	Chapter 4: Projections – Basic Approach to planning	<p style="text-align: center;"><u>LECTURE 3 – NOTES</u></p> <ul style="list-style-type: none"> • Long-Term Financial Planning and Growth • LCASE STUDY: Celerity Technology 	Homework 3 (CONNECT) Chapter 3 (1/31)

Week	Date	LO	Chapter	Lecture	Assignments
4	TUE 2/4 THU 2/7	L6	Chapter 4 & 11: And Instructors Notes: Projections – Capital Market’s Study	<u>LECTURE 3 – NOTES (Cont’)</u> <ul style="list-style-type: none"> Projections and What-If Scenarios CASE STUDY: Celerity Technology 	
5	TUE 2/11			<ul style="list-style-type: none"> Exam Review 	
	FRI 2/14		MIDTERM EXAM		
6	TUE 2/18 FRI 2/21	L7	Chapter 5: Introduction to Valuation: Public Company Valuation Methods	<u>LECTURE 4 – NOTES</u> <ul style="list-style-type: none"> Introduction to Valuation: The Value of Money Publicly traded Company Valuation approach – 6 methods CASE STUDY: Hyatt Hotels 	Homework 4 (CONNECT) Chapter 4 (2/21)
7.	TUE 2/25 FRI 2/28	L7	Chapter 6: Discounted Cash Flow (DCF) Valuation	<u>LECTURE 4 (Continue) – NOTES</u> <ul style="list-style-type: none"> DCF approach Private Company Valuation CASE STUDY: Alexandria Hotel 	
8	TUE 3/5/3 FRI 3/6	L8	Chapter 7: Interest Rates and Bond Valuation – Part I: Bond Characteristics and Yields	<u>LECTURE 5 – NOTES</u> <ul style="list-style-type: none"> Corporate Bonds and Valuation 	Homework 5 CONNECT Chapter 6 (3/7)
9	TUE 3/10 FRI 3/13	L8	Chapter 7: Interest Rates and Bond Valuation – Part II: Bond Valuation, Ratings, and Risks.	<u>LECTURE 5 (Continue) – NOTES</u> <ul style="list-style-type: none"> Corporate Bonds and Valuation (Continued) 	Homework 6 CONNECT Chapter 7 (3/14)
10	TUE 3/17 FRI 3/20		SPRING RECESS – NO CLASS		
11.	TUE 3/24		Chapter 8: Stock Valuation	<u>LECTURE 6 – NOTES</u> <ul style="list-style-type: none"> Stock Valuation 	

Week	Date	LO	Chapter	Lecture	Assignments
	FRI 3/27	L8		<ul style="list-style-type: none"> The Analyst Approach CASE STUDY: AK Steel 	
12.	TUE 3/31 FRI 4/3	L9	Chapter 9: Net Present Value and Other Investment Criteria	<u>LECTURE 7 – NOTES</u> <ul style="list-style-type: none"> Risk/Return Concepts 	Homework 7 CONNECT Chapter 8 (4/4)
13.	TUE 4/7 FRI 4/10	L9	Chapter 12: Some Lessons from Capital Markets	<u>LECTURE 7 – NOTES</u> <ul style="list-style-type: none"> Debt Markets (Debt Capacity) Equity Markets CASE STUDY: AK Steel 	Homework 8 CONNECT Chapter 9 (4/11)
14	TUE 4/14	L9	CASE STUDY	<u>LECTURE 8 – NOTES (Con't)</u> <ul style="list-style-type: none"> Assessing Capital Markets LBO case Study CASE STUDY: AK Steel 	
	FRI 4/17	NO CLASS			
15.	TUE 4/21 FRI 4/24	L9	Portfolio Analysis Concepts	<u>LECTURE 9 – NOTES</u> <ul style="list-style-type: none"> Historical and Scenario Analysis, to measure Risk, Return, standard deviation and benefits of diversification 	
16	TUE 4/28 FRI 5/1	L9	Chapter 13: Portfolio Analysis Concepts	<u>LECTURE 9 – NOTES (Cont')</u> <ul style="list-style-type: none"> Historical and Scenario Analysis, to measure Risk, Return, standard deviation and benefits of diversification Covariance / Correlation Efficient Frontier Sharpe Ratio CAPM and Other ratios 	
17	TUE 5/5			<u>FINAL EXAM REVIEW</u>	
	FRI 5/8		FINAL EXAM		