2017

**FINC 401-01-02 Intermediate Financial Management**

Mia Rivolta
*Xavier University*

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Syllabus

Xavier University  
Williams College of Business  
Dr. Mia Rivolta  

Finance 401-01 and 401-02  
Intermediate Financial Management

Class Time: T/TH 1:00pm – 2:15pm, 2:30pm – 3:45pm. Location Smith Hall 250.  
Office Hours: T/TH: 9:00 – 9:50am, 3:50-5:00pm, or by appointment

I. COURSE DESCRIPTION AND OBJECTIVES:

This course is designed to provide you with the concepts and techniques required to make long-term investment and financing decisions within the firm. At the end of the course, you will be able to make real asset investment decisions by performing discounted cash flow analysis of a proposed investment project or acquisition. This involves deriving the free cash flow generated by the project or firm, specifying an appropriate risk-adjusted discount rate, evaluating the impact of financing policy on valuation methods, selecting the appropriate valuation technique and considering the implications of inaccuracies in forecasts. You will also be able to qualitatively and quantitatively assess the appropriateness of a firm’s financing policy, which includes both capital structure and payout decisions. Using the techniques learned in this call, you will be able to value a firm. While you may have been introduced to some of these topics in the introduction to financial management, we will be exploring them in depth with an eye toward understanding rather than cook-book application.

At the end of the course, students should be able to:

1. Perform an NPV analysis of a proposed investment or an acquisition. This involves deriving the free cash flows generated by the project or acquisition, specifying the required rate of return, and providing a thoughtful evaluation of the analysis with possible alternatives.

2. Value a business.

3. Qualitatively and quantitatively assess the appropriateness of a firm’s financing policy, or capital structure and external financing needs.

II. PREREQUISITE

The course prerequisite of FINC 300 with B- to better will be strictly enforced. If students have not met this requirement they will be dropped from the course.

III. REQUIRED MATERIAL

- The required text is


- Calculator: All students are required to bring a financial calculator. The recommended calculator is the Texas Instruments BAII Plus Financial Calculator. As this is a finance class
and not a class on how to use your calculator, YOU NEED TO KNOW HOW TO USE YOUR CALCULATOR!

- I will hand out additional relevant readings or make them available on Canvas.

In addition, a copy of the class powerpoint slides is available on the class Canvas. You are required and expected to have downloaded and reviewed the appropriate notes before each class.

IV. ACADEMIC HONESTY

It is the responsibility of students and instructors to help maintain scholastic integrity at the university by refusing to participate in or tolerate any scholastic dishonesty. Xavier is known nationally as a university deep in tradition and integrity. Hence, I will operate under the assumption that scholastic dishonesty does not exist at Xavier. Therefore, any type of suspected misconduct will be investigated fully and violations will not be tolerated, as they will be prosecuted to the fullest extent possible. The first offense will result in a non-droppable zero on the assignment while a second offense will result in an “F” in the course and additional department/college/university action. Thus, students are expected to uphold the Academic Honor Code published in Xavier University Catalog.

"All work submitted for academic evaluation must be the student's own. The direct and unattributed use of another's efforts is prohibited as is the use of any work untruthfully submitted as one's own. Penalties for violations of this policy may include one or more of the following: A "zero" for that assignment or test, an "F" in the course, and expulsion from the University."
(Xavier University 2002-2004 Catalog, p. 66)

V. MISSION OF THE WILLIAMS COLLEGE OF BUSINESS

We educate students of business, enabling them to improve organizations and society, consistent with the Jesuit tradition.

VI. COURSE AND CLASS SESSION STRUCTURE

The class will be taught as a combination of lectures and class discussions. This implies that the students are expected to assume certain responsibility for the content of the class.

Exams

During the semester, there will be FOUR written exams, closed books and performed in the classroom. Each exam will be graded on a 100 points scale and be in the form of multiple choice, problems, and short answer questions. Examinations will be on the scheduled days as mentioned on the Exam Schedule. The instructor will NOT return the exams. Students need to bring their own calculator for the exams. The overall exam grade, which accounts for 60% of the final grade, will be calculated as the average of the highest 3 out of 4 exam grades (i.e., the three exams with the highest grade will each account for 20% of the final grade).

No “make-up exams” will be given unless they are arranged for in advance of the examination date. If you miss an exam without prior approval, you will receive a grade of “0.” If you wish to appeal a grade, you must submit the exam and a brief discussion in writing on why a different grade is warranted. Appeals must be delivered to me no later than one week following the date the exam grade is posted. Note that I reserve the right to re-grade all questions on the exam.
**Project**

There is a semester long project to be completed during the course of the semester. The purpose of the project is for you to apply the concepts and techniques learned in the class to a real company with the goal of making recommendations for improving the firm’s financial policies. The project will be completed in small groups (3-4 students per group). **All groups must turn in progress reports on the assigned dates listed on the syllabus. You must form groups directly on Canvas!**

The goal of the project is to evaluate a firm’s financial management with a focus toward recommending improvements to the CFO of the organization. You must conduct a valuation of the firm; provide an estimate of the value per share; and highlight reasons why the actual stock price is different from your estimate. Other factors you should take into consideration are the firm’s history of capital raising, the cost of capital, capital structure, working capital management, and payout policy. Written report is due at the beginning of class on April 10, Monday.

**Presentation**

At the end of the semester, each group must present the highlights of their report in a group presentation. Time slot preferences must be made known to me by email by Nov. 7 (Tuesday). There will be three presentations each class, the time slots are first come first serve. Each member must participate in the presentation and the Q&A after. All group members will receive the same on the presentation and the written report.

**Homework/Assignments:**

There will be several assignments to be completely in MindTap after each topic we cover in class. These assignments are to be done directly on MindTap, and will count as 10% of your final grade. It is the student’s responsibility to read the material in the text prior to the assigned class. I strongly encourage students to work through concept video quizzes and homework problems in a timely manner in order to not only keep up with the material being covered in class but also to become familiar enough with the material to be able to complete the exams in the allotted time.

**MindTap**

Students should prepare for class meetings by:

1. Reading the assigned chapter(s) prior to the class in which they are assigned. This is necessary to be able to participate in discussions and group problem solving.
2. Practicing problem solving in MindTap.
3. Checking the solutions to practice problems in MindTap and asking questions when necessary. The instructor relies on student feedback to determine which practice problems should be worked during class meetings.

**In-Class Problems:**

In-class problems will be given during class period. These assignments serve the sole purpose of helping students understand the material, and will not be graded. However, completing these problems is highly recommended, as they will help you solve problems in the exam, and better understand financial management concepts.

**Canvas:**
Canvas is an essential tool for instructors and students. Grades will be reported on Canvas on a regular basis. It is the students’ responsibility to monitor the accuracy of their grades, and notify the instructor in cases of discrepancies between Canvas grades and actual grades.

**Help Outside Class**
Students may use office hours to seek help on any problems that he or she may have related to this course.

**Communication Policy**
(a) E-mail is the preferred mode of communication. Use Canvas or the official “@xavier.edu” e-mail address to contact the instructor via e-mail.
(b) The instructor will send all announcements using Canvas system. So the student is responsible for visiting the course page on Canvas and checking the official “@xavier.edu” email regularly.
(c) Students must use the official “@xavier.edu” e-mail address or Canvas to contact the instructor via e-mail. The instructor will NOT respond to any messages or notification sent from non-Xavier e-mail addresses.
(d) The instructor will not disclose grade over the telephone or e-mail. Grades will be posted on Canvas during the semester.

**VII. ATTENDANCE AND PARTICIPATION**

Attendance is compulsory for the Finance Department. Your comments, feedback and class participation will help make this class much more interesting. I will take attendance, frequently, and missing classes will adversely affect your grade. If you are unable to attend a class, it is requested that you notify me, by e-mail, and make arrangements with a fellow student to collect handouts and share class lecture notes BEFORE class. Laptops are allowed in the classroom for course work (FINC 401) only. If a student is caught using Facebook, Twitter, emails, or any other social media that could disturb other students’ learning, he/she will receive a -1 for course professionalism. A student can lose up to 50 points for course professionalism.

If you miss an exam or fail to turn in assignment(s) without a valid, documented excuse, you will receive a grade of zero. The exam dates given elsewhere in this syllabus will not be changed. If you do not take an exam on the scheduled date, then you are responsible for providing satisfactory evidence to the instructor to substantiate the reason for absence within 48 hours of the missed exam. There are seven reasons that absences will be considered excused. These are mandatory participation in a University sponsored event, death or major illness in the student’s immediate family, illness of a dependent family member, mandatory participation in legal proceedings, religious holy days, severe or contagious illness (doctor documentation required), military duties, or mandatory admission interview for graduate or professional school that cannot be rescheduled. Please be sure that you have ample satisfactory written evidence demonstrating the reason for your absence. (I apologize in advance if obtaining this evidence because of a family death or major illness is emotionally or physically difficult, but written evidence will still be required). Arrange your job interviews, and any necessary travel, on dates other than those on which we have exams.

Please keep classroom disturbances to a minimum. I will arrive on time for class and I expect you to do the same. I reserve the right to adjust your grade as I see fit for repeated tardiness or other classroom disturbances. In addition, please turn off all cell phones before you come into class.
VIII. ACADEMIC ACCOMMODATIONS

It is my goal that this class be an accessible and welcoming experience for all students. If you are a student with a disability who may have trouble participating or effectively demonstrating learning in this course, contact me to arrange an appointment to share your Accommodation Letters from Disability Services and to discuss your needs. Disability related information is confidential. If you have not contacted Disability Services (located in the Learning Assistance Center) to arrange accommodations, I encourage you to do so by contacting Cassandra Jones, by phone at 513-745-3280, in person on the Fifth Floor of the Conaton Learning Commons, Room 514, or via e-mail at jonesc20@xavier.edu as soon as possible as accommodations are not retroactive.

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EVALUATION & GRADING

1. Exam 1 20%
2. Exam 2 (Midterm) 20%
3. Exam 3 20%
4. Final Exam (Replace Lowest Grade Exam)
5. Project Progress Reports/Check Points 5%
6. Group Project Written Report 10%
7. Group Presentation 10%
8. MindTap Assignments 10%
9. Participation and Professionalism 5%

100%

A 93% or better
A- 90%-92.99%
B+ 87%-89.99%
B 83%-86.99%
B- 80%-82.99%
C+ 77%-79.99%
C 73%-76.99%
C- 70%-72.99%
D+ 67%-69.99%
D 63%-66.99%
D- 60%-62.99%
F Below 60%
**Schedule of Classes FINC 401 (preliminary and subjected to changes):**

<table>
<thead>
<tr>
<th>Week</th>
<th>Date</th>
<th>Chapter</th>
<th>Topic</th>
<th>Mindtap Assignments Due at 11pm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Week 1</td>
<td>22-Aug</td>
<td></td>
<td>Course Introduction</td>
<td></td>
</tr>
<tr>
<td></td>
<td>24-Aug</td>
<td>Chapter 0</td>
<td>Time Value of Money Review</td>
<td>Web Chapter 28 8/29</td>
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<tr>
<td>Week 2</td>
<td>29-Aug</td>
<td>Chapter 2 &amp; 3</td>
<td>Risk and Return: Part 1</td>
<td>Ch2&amp;3 9/5</td>
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<tr>
<td></td>
<td>30-Aug</td>
<td>Chapter 4</td>
<td>Risk and Return: Part 2 &amp; Bond Valuation</td>
<td>Ch4 9/7</td>
</tr>
<tr>
<td>Week 3</td>
<td>5-Sep</td>
<td>Chapters 4 &amp; 8</td>
<td>Bond Valuation &amp; Stock Valuation Review</td>
<td>Ch8 9/11</td>
</tr>
<tr>
<td></td>
<td>7-Sep</td>
<td>Chapter 8</td>
<td>Stock Valuation Review</td>
<td>Group members and Company Choice due</td>
</tr>
<tr>
<td>Week 4</td>
<td>12-Sep</td>
<td>Chapter 2-4 &amp;7-8</td>
<td>Exam 1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>14-Sep</td>
<td>Chapter 11</td>
<td>Determining the Cost of Capital: WACC</td>
<td>Ch11 9/26</td>
</tr>
<tr>
<td>Week 5</td>
<td>19-Sep</td>
<td>Chapter 11 &amp; 12</td>
<td>Determining the Cost of Capital: WACC</td>
<td></td>
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<tr>
<td></td>
<td>21-Sep</td>
<td>Chapter 12</td>
<td>Capital Budgeting Techniques</td>
<td>Ch12 10/3</td>
</tr>
<tr>
<td>Week 6</td>
<td>26-Sep</td>
<td>Chapter 12</td>
<td>Capital Budgeting Techniques</td>
<td>Group Project: Cost of Capital Assignment Due</td>
</tr>
<tr>
<td></td>
<td>28-Sep</td>
<td>Chapter 13</td>
<td>Cash Flow Estimation</td>
<td>Ch13 10/16</td>
</tr>
<tr>
<td>Week 7</td>
<td>3-Oct</td>
<td>Chapter 13</td>
<td>Cash Flow Estimation</td>
<td></td>
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<tr>
<td></td>
<td>5-Oct</td>
<td>FALL BREAK – NO CLASS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Week 8</td>
<td>10-Oct</td>
<td>Chapter 13</td>
<td>Cash Flow Estimation</td>
<td>Review For Exam II will be posted on Canvas</td>
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<tr>
<td>Week 9</td>
<td>17-Oct</td>
<td>Ch11-13</td>
<td>Conference -NO CLASS</td>
<td>Group Project: Free Cash Flow and valuation Assignment Due</td>
</tr>
<tr>
<td></td>
<td>19-Oct</td>
<td>Chapter 15</td>
<td>Dividends and Repurchases</td>
<td>Ch15 10/31</td>
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<tr>
<td>Week 10</td>
<td>24-Oct</td>
<td>Chapter 15</td>
<td>Dividends and Repurchases</td>
<td></td>
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<tr>
<td></td>
<td>26-Oct</td>
<td>Chapter 16&amp;17</td>
<td>Capital Structure and Corporate Valuation</td>
<td>Ch16 11/7</td>
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<tr>
<td>Week 11</td>
<td>31-Oct</td>
<td>Chapter 16&amp;17</td>
<td>Capital Structure and Corporate Valuation Cont.</td>
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<tr>
<td></td>
<td>2-Nov</td>
<td>Chapter 21</td>
<td>Working Capital Management</td>
<td>Ch21 &amp; 22 11/16</td>
</tr>
<tr>
<td>Week 12</td>
<td>7-Nov</td>
<td>Chapters 21 &amp; 22</td>
<td>Receivables and ST loans</td>
<td>Group Presentation Time Slot Preferences Due</td>
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<tr>
<td></td>
<td>9-Nov</td>
<td>Chapter 22</td>
<td>Receivables and ST loans &amp; Options</td>
<td></td>
</tr>
<tr>
<td>Week 13</td>
<td>14-Nov</td>
<td>Chapter 5</td>
<td>Options</td>
<td>Group Project: Written report due in class</td>
</tr>
<tr>
<td></td>
<td>16-Nov</td>
<td>Chapter 5 &amp; 14</td>
<td>Exam III review</td>
<td></td>
</tr>
<tr>
<td>Week 14</td>
<td>21-Nov</td>
<td>Chapters 15-17, 21-Exam III</td>
<td>THANKSGIVING BREAK-NO CLASS</td>
<td></td>
</tr>
<tr>
<td></td>
<td>23-Nov</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Week 15</td>
<td>28-Nov</td>
<td></td>
<td>Group Presentations</td>
<td></td>
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<tr>
<td></td>
<td>30-Nov</td>
<td></td>
<td>Group Presentations</td>
<td></td>
</tr>
<tr>
<td>Week 16</td>
<td>5-Dec</td>
<td></td>
<td>Group Presentations</td>
<td></td>
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<tr>
<td></td>
<td>7-Dec</td>
<td></td>
<td>TBD</td>
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**Final Exam:**
- **Spring 01:** Dec. 14, Thursday, 10:30am – 12:20pm
- **Spring 02:** Dec. 12, Tuesday, 1:00pm – 2:50pm
Learning Goals – Williams College of Business
Undergraduate Program

• Critical Thinking
  Learning Goal: WCB graduates will be able to think logically, reason quantitatively, and utilize appropriate analytical techniques and technology when evaluating and making decisions.

  Corresponding Objectives:

  • (1) WCB students will collect, evaluate and synthesize information to offer solutions and support decision making.

  • (2) WCB students will evaluate and articulate implications of business decisions and their impact on organizational stakeholders, both individually and in teams.

• Ethics and Social Responsibility
  Learning Goal: WCB graduates will be able to recognize ethical issues, discern moral implications of decision making, and be prepared, and willing, to serve as responsible and professional members of society.

  Corresponding Objectives:

  • (1) WCB students will recognize ethical issues and their implications on personal and business decisions.

  • (2) WCB students will demonstrate the skills necessary to analyze information and make informed, ethical decisions in complex, conflicting or ambiguous environments or situations.

• Effective Written and Oral Communication
  Learning Goal: WCB graduates will be able to organize, support and communicate ideas clearly and effectively, employ multiple mediums of communication (e.g., written, oral and visual), and adapt communication to audience, context or purpose.

  Corresponding Objectives:

  • (1) WCB students will produce business documents and reports demonstrating their ability to organize and communicate ideas clearly and professionally.

  • (2) WCB students will make effective presentations, accompanied by the appropriate technology, demonstrating their ability to organize and communicate ideas clearly and professionally, both individually and in teams.

• Global Perspective and Cultural Diversity
  Learning Goal: WCB graduates will appreciate the historical and cultural contexts of the world in which they live, demonstrate the competencies required for engaging in global business activities, and respect and value diverse peoples and perspectives.
**Corresponding Objectives:**

- (1) WCB students will identify and contrast key attributes of countries’ business environments.
- (2) WCB students will evaluate and integrate global economic, political, technological, environmental and societal issues into their decision making.
- (3) WCB students will integrate the concepts of respect, inclusiveness and valuing all persons into their decision making.

**Understanding and Application of Knowledge Across Business Disciplines**

*Learning Goal:* WCB graduates will be able to evaluate business from an integrative and holistic point of view, leverage the synergies between functional business areas, and demonstrate college-level mastery of their chosen discipline.

*Corresponding Objectives:*

- (1) WCB students will demonstrate the appropriate knowledge of accounting, economics, finance, management, management information systems, marketing, quantitative business analytics, international issues, and the legal and social environment of business.
- (2) WCB students will evaluate business problems from an integrative point of view, including diverse business functions, competition and external environment (social, political, economic, and environmental.)
- (3) WCB students will demonstrate college-level mastery of the body of knowledge and skills relative to their major. (To be determined at the departmental level.)

**Personal and Professional Development**

*Learning Goal:* WCB graduates will be well-prepared for their future careers and appreciate the importance of continuous professional development and life-long learning.

*Corresponding Objective:*

- WCB students will articulate career goals, prepare a professional resume, demonstrate behavior-based interviewing techniques and develop a professional network.