

SYLLABUS

Honors FI 410 Intermediate Financial Management Fall 2008

Instructor: Dr. Carol Carroll
Office: 251 Alston
Office Hours: 11:00-11:30 TTh and by appointment
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Textbook: *Intermediate Financial Management*, Eugene F. Brigham and Phillip R. Daves

Prerequisites: (a) FI 302
(b) All business students must have earned 55 hours or more semester hours of credit
(c) All CBA students must also have completed or have enrolled concurrently in EC 110, EC 111, MA 120, MA 121, CS 102, AC 210, ST 250, ST 251, and LGS 200 (or equivalent courses).
(d) Ability to work with spreadsheets would be helpful

Course

Description: Development of advanced practices of financial management and their application to decision making in the business firm.

Objectives: To develop the student's ability to approach and make fundamental financial decisions with emphasis on the tools of financial analysis and problem solving.

Course Grades: Grades will be determined by total points received on assignments, cases, and exams. Class attendance is encouraged.

		<u>Approximate Date</u>	
Quizzes		25%	Daily
Exam I	25%	75%	September 16
Exam II	25%		October 16, 23
Exam III	25%		November 20, 25
Final Exam	25%		Friday, December 12 at 11:30-2:00 p.m.
(Comprehensive)			

Last Day to drop a course with a grade of "W": October 29

There are no opportunities to make-up quizzes or exams and no extra credit. The purpose of giving quizzes is to force you to keep up with the material. The quizzes will emphasize technique. This course contains many techniques of financial analysis and it is necessary to master the techniques in order to master corporate financial analysis.

Approximately 22-25 quizzes will be given but only 20 will count towards your grade. The content of quizzes will be announced (unless I forget). Four exams will also be given throughout the semester but only three will count towards your grade. The final exam is comprehensive. The exams will differ from the quizzes in that the emphasis of the quizzes will be technique but the emphasis of exams will be problem solving. Businesses pay you to solve problems, but you cannot solve the problems unless you know the technique, but it is not enough to know only the technique. You must also be able to solve problems. Consequently, the quizzes and exams emphasize different aspects of the learning process.

Learning to work with your financial calculator is your responsibility. If you do not know how to operate it, consult the manual that came with the calculator. Please always bring your financial calculator to class.

The transparencies for the lectures are in electronic reserves, web site www.lib.ua.edu. The solutions to the quizzes will also be on electronic reserve.

Course Outline

Preliminaries

- A. Introduction (Ch. 1)
- B. Fundamental Concepts
 - 1. Valuing bonds (Ch. 4)
 - 2. Valuing stock (Ch. 5)
 - 3. Accounting statements (Ch. 6)
 - 4. Analysis of accounting statements (Ch. 7)

Strategic Investment Decisions

- A. Determining acceptable investment projects (Ch. 11)
 - 1. Alternative decision rules
 - a. Payback/Discounted Payback
 - b. NPV
 - c. IRR
 - d. MIRR
 - e. Profitability index
 - 2. Comparisons
- B. Cost of Capital Estimation (Ch. 9)
 - 1. Component Costs
 - 2. Weights
 - 3. WACC
 - 4. Adjusting for Risk

- C. Project Cash Flow Projections (Ch. 12)
 - 1. Principles
 - 2. Applications
 - 3. Adjusting for risk
 - 4. Cases: Robert Montoya A
Robert Montoya B
- D. Real Options (Ch. 13)
 - Case: New England Seafood

Strategic Financing Decisions

- A. Capital Structure Decisions (Ch. 14)
- B. Distributions to shareholders (Ch. 16)

Short-term Financial Analysis

- A. Current asset management (Ch. 20)
 - 1. Cases: Abbot Nursurery
Bridgewater Pool Company
- B. Current liability management (Ch. 21)
 - 1. Case: Chef's Selection

As time permits:

Tactical Financing Decisions

- A. IPOs and Investment Banking (Ch 17)
- B. Lease financing (Ch 18)
- C. Hybrid Financing (Ch. 19)

Corporate Valuation

- A. Financial forecasting (Ch. 8)
- B. Value (Ch. 10)

It is recommended that students work the following problems. Answers to the problems are in the back of the textbook and solutions are in course reserves, website www.lib.ua.edu.

Ch. 4: 9, 10, 11, 12, 13

Ch. 5: 1, 2, 4, 5, 7, 9, 14, 15

Ch 6: 1, 4, 5, 6, 7, 9, 10

Ch. 7: 1, 2, 5, 6, 7, 8, 10, 11

Ch 9: 2, 3, 5, 8, 9, 11

Ch 11: 1, 4, 7, 8, 11, 12

Ch 12: 1, 2, 3, 4

Ch 13: 3

Ch 14: 1a,b, 6

Ch 16: 1, 2, 3, 4, 5, 7

Ch. 17: 1, 2, 3, 5