Introduction:  Finance is the foundation of the business system. Because of its critical importance to the firm, financial concepts should be thoroughly understood. Some aspects of finance are relatively complex, dynamic, and undergo constant change in response to new developments. As a result, finance is stimulating and exciting, but challenging as well. A thorough understanding of financial concepts is essential not only for financial managers, but for anyone involved in business activities or personal financial decision making.

Course Objectives:  The purpose of this course is to let students apply financial concepts and techniques to real life situations. As such, this course is designed to encourage students to (a) develop skills in the analysis of financial problems, (b) apply the knowledge gathered from readings, lectures, and experience, (c) provide a discussion framework for the formulation and implementation of financial policies and (d) gain experience in justifying the policies adopted.

A general format for the course will be to place the students in simulated business situations in which they must make decisions regarding a variety of financial problems. They must then justify their decision before the class and be ready to defend their course of action. In order for the students to make the case method a successful learning experience they must study each case in great detail and come to class ready to participate actively in the solution of a financial problem.

Methodology:  This course will be a combination of case presentations, discussions, and essential review lectures. The solution to cases will require the application of various theories and concepts covered in prerequisite classes and during review lectures in this class. Each student is held responsible for the write-up and solution of the four “written” cases. The written assignments must be completed on a PC using spreadsheets, graphics, and/or a word processor. Sloppily prepared or late cases will be penalized. Cases will be considered “late” if not turned in at the beginning of the assigned class period. Students may work with one another on the cases, but each person is responsible for his or her own individual reports.
All **assigned** cases must be studied and analyzed. **Students will be selected at random** to present a particular case to the class for discussion. **Grades** will be assigned according to the quality and originality of the discussion. The course provides a broad spectrum of financial solutions as viewed from the decision-maker’s standpoint. In solving these cases students not only become more familiar with typical issues in finance and with applying financial methodology, but, hopefully, they develop intuitive skills in problem identification and solution.

**Use of PC’s:** Within the College of Business or elsewhere on campus, you have access to a variety of computer platforms (e.g., Windows, Macintosh, Unix, Linux) with corresponding application software. You are strongly encouraged to use any of this equipment and the software programs or your own in the preparation of your case assignments.

**Exams:** The Case Exams will deal with situations similar to those covered in the assigned cases. For the Case Exams, students may use **one textbook source** as reference, but may not make use of notes or other sources. For this course, a **financial calculator is a necessity.** You may use one for exams, but it may **not** be shared. Be sure you are thoroughly familiar with your calculator’s capabilities and functions.

**Participation:** It is imperative that each student understands that the term “discussion” refers to **meaningful participation** only through adequate preparation **prior** to the class meeting. Of course, in order to be able to participate you will have to be physically present in class.

**Grading:** The student’s final grade for this course will be determined as follows: (NOTE: **In this class, a passing grade has to be earned; it is not automatic.**)

<table>
<thead>
<tr>
<th>ITEMS:</th>
<th>WEIGHT:</th>
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<tbody>
<tr>
<td>(1) Oral case presentation and class participation ------------------- 15%</td>
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<tr>
<td>(2) 4 written case assignments ---------------------------------------- 15%</td>
<td></td>
</tr>
<tr>
<td>(3) Semester Case Exam #1 ------------------------------------------- 22%</td>
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<tr>
<td>(4) Semester Case Exam #2 ------------------------------------------- 22%</td>
<td></td>
</tr>
<tr>
<td>(5) Semester Case Exam #3 ------------------------------------------- 26%</td>
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<tr>
<td><strong>Total:</strong> 100%</td>
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**Students will be graded on a curve.** (Specifics will be announced in class.) Non-quantitative factors such as the originality and quality of class participation, improvement on examinations, rank in the class, or other extenuating factors will be taken into account in the grading process.

**Texts:** **Required**
(2) Any recent managerial finance text will be satisfactory for review and background information.
Texts: Optional:

Guidelines for Written Cases:
1. Ability to define principal problems.
2. Amount and quality of relevant supporting evidence.
3. Ability to recognize and handle any other problem involved.
4. The use of unsupported opinion is not recommended.
5. Identification of additional information which would have been helpful in solving the problem.
6. Dramatization of your case (graphs, illustrations, diagrams).
7. Neatness, grammar, promptness in handing in the case.
8. Recognition and handling of alternatives.
9. Soundness of conclusion.

Assignments: (The schedule below is tentative and subject to adjustment as the class proceeds).

<table>
<thead>
<tr>
<th>Week</th>
<th>Topics</th>
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</table>
| 1    | I. Introduction  
      | (a) Outline of the Course  
      | (b) Review  
| 1    | II. Fundamental Concepts  
      | (a) Discounted Cash Flow Analysis  
      | Case #73: Macmillan and Grunski Consulting  
      | (b) Bond and Stock Valuation  
      | Case #49a: Beatrice Peabody  
      | (c) Risk and Return  
      | Case #55: Fillmore Enterprises (Written)  
| 4    | II. Working Capital Management  
      | (a) Inventory Management  
      | Case #66: Delta Glass Company  
      | (b) Cash Budgeting  
      | Case #32b: Sorenson Stove Company (Written)  
      | (c) Credit Policy  
      | Case #77: Lifeline Health Products  
      | (d) Working Capital Policy and Financing  
      | Case #67: Chef’s Selection  
| 7    | III. Financial Analysis and Forecasting  
      | (a) Financial Analysis and Forecasting  
      | Case #36a: Safe Packaging Company (Written)  
      | (b) Financial Forecasting  
      | Case #38a: Expert Systems, Inc.  

Week: __________________________  Topics: __________________________

(to be announced) Semester Case Exam #1

10  V. Cost of Capital and Capital Structure
   (a) Cost of Capital
       Case #4a: West Coast Semiconductor, Inc.
   (b) Optimal Operating and Financial Leverage
       Case #8a: IsleMarine Boat Company

12  VI. Capital Budgeting
   (a) Capital Budgeting Decision Methods
       Case #76: Chino Material Systems
   (b) Cash Flow Estimation
       Case #12a: Cranfield, Inc. (A)
   (c) Establishing the Optimal Capital Budget
       Case #17a: Harris Publishing, Inc.
   (d) Capital Budgeting Methods and Cash Flow Estimation
       Case #70: Potato Best Products

(to be announced) Semester Case Exam #2

15  VII. Valuation Methods
   (a) Going Public
       Case #21: Sun Coast Savings Bank
   (b) Financing and Valuing a New Venture
       Case #74: Electro Technology Corporation

December 8 Semester Case Exam #3  Good Luck!
12:00 - 3:00 p.m.

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NOTE: Material in this course outline is subject to adjustments at the discretion of the instructor!

ATTENTION: In preparing cases, keep the following priorities in mind

(1) First and foremost, focus on the content of the solutions and supporting evidence.

(2) Method and quality of presentation (e.g., creativity, graphs, illustrations, diagrams).