

**University of Connecticut**  
**Applications in Financial Management**  
**FNCE 4209, Spring 2018**  
**Mo. & We., 3:30 pm – 4:45 pm in Room BUSN 122**

**Instructor:** Cristian Pinto

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**Office Hours:** M/W 2pm – 3pm and by appointment

**SCHOOL OF BUSINESS MISSION STATEMENT**

Real World, Real Learning, Real Impact. Be a globally recognized provider of exceptional managerial and business leadership through innovative experiential learning in a dynamic global business context: integrating real-world education, outstanding research, and strategic outreach.

**STUDENT LEARNING OBJECTIVES**

Students will learn how to analyze a business project. They will be able to use financial management concepts to evaluate the project and write a recommendation on whether it should be undertaken. These concepts will be reinforced using textbook concepts and applied to data from real companies in case studies.

**COURSE PREREQUISITES**

FNCE 3101, particularly an understanding of WACC and Capital Budgeting. EXCEL spreadsheets will be used periodically during classroom lectures and will be necessary for completing case studies. A financial or scientific calculator will be necessary to complete quizzes, classroom examples, homework problems, and exams. Students are responsible for learning the operation of their choice of calculator.

**COURSE DESIGN**

The course will consist of three broad topics:

1. **PROJECT VALUATION.** We will build off your prior understanding of the cost of capital and capital budgeting decision criteria to cash flow estimation and risk assessment to obtain the value of a project.
2. **CAPITAL STRUCTURE.** We will look at sources of firm financing and the tradeoffs between debt and equity. We will also discuss leasing as a capital structure choice.
3. **SPECIAL TOPICS.** Once we have the basics down, we will cover some advanced topics in corporate finance: (a) Real options in project valuation. (b) Financial planning and forecasting financial statements. (c) Working capital. (d) Mergers and acquisitions.

**REQUIRED MATERIALS**

- **Textbook:** *Intermediate Financial Management* by Brigham and Daves, 12th edition, Thomson/South-Western.
- **Software: Aplia.** This software is required for the course. You will need to purchase **ONE** of three bundles.
  1. eBook + Aplia

- OR
2. eBook + Aplia + paper textbook
- OR
3. eBook + Aplia + hardcover textbook.

### **OFF-SITE INFORMATION/COMMUNICATION**

HuskyCT contains all online course material. Course Materials will list homework and quiz solutions. Announcements will give details on assignments and material to be covered in the upcoming week. My Grades will keep track of your progress. Aplia will be used for homework submissions.

### **CASE STUDIES**

We will consider three case studies and one simulation throughout the course to practice application of lecture material. Cases 1 - 3 are to be completed in groups. For each case, the deliverables are a Word write-up accompanied by Excel analysis spreadsheet. The finance simulation is an individual assignment. The cases and simulation are the following:

- Case 1: Stryker Corp. (Basic NPV analysis)
- Case 2: Hill Country Snack Foods Co. (Capital structure case)
- Case 3: Victoria Chemicals PLC (A) and (B): The Merseyside Project. (Real options case)
- Finance Simulation: Capital Budgeting. (Capstone simulation)

The cases and simulations must be purchased online through Harvard Business Publishing at <http://cb.hbsp.harvard.edu/cbmp/access/72512122>.

### **COURSE GRADE**

- **Midterm – 30%**. This test will be given during regularly scheduled class. Scientific or financial calculators will be necessary to complete it. Excel will not be allowed. Students missing a test with a valid note from a physician or due to official university business will be granted a make-up exam. Students missing a test for other reasons will receive a zero. The exam is closed-book.
- **Case Write-Ups – 20%**. Four cases will be assigned to teams of students as applications of principles learned. Each one requires a team submission of 2-3 page write-up and accompanying Excel calculations. Each team member must work on each case to receive credit for it. Case study resubmissions may be invited if the original attempt is in good faith and allows significant improvement to be made.
- **Final Exam – 30%**. The final exam covers the second half of the course and otherwise proceeds analogously to the midterm exam. The registrar will announce specific date and location for the final. Students are required to be available for their exam during the assigned time. Students must visit the dean of students' office (DOS) if they cannot make their exam. The DOS will give the student her or his instructions thereafter.
- **Participation – 5%**. Since teamwork is a core component of this course, participation is essential. The grade consists of active class participation, e.g., questions, discussion, etc. Valid excuses are illness and university business.
- **Homework – 15%**. Book problems on each chapter will be submitted via Aplia.

**Grading Scale:** A (>92.5), A- (90-92.5), B+ (87.5-90), B (82.5-87.5), B- (80-82.5), C+ (77.5-80), C (72.5-77.5), C- (70-72.5), D+ (67.5-70), D (62.5-67.5), D- (60-62.5), F (<60).

## SPECIFIC COURSE POLICIES

- Any lectures, models and other class information will be posted to the class HuskyCT site.
- Please silence and put away all cell phones and communication devices during class. Laptops are to be closed and put away during class unless otherwise instructed.
- Students are expected to attend class regularly and write their own notes.
- Students are expected to check the HuskyCT class site on a regular basis since the course outline in this syllabus is only an estimate of our anticipated progress.
- Final course grades are available to students through the university's PEOPLESOFT system. Students can learn their course grade components, e.g., final exam grade, by assessing My Grades in HuskyCT.
- We will follow the School of Business's recommended policy on academic integrity: Cheating of any sort will not be tolerated and will result in a failure of the exam or assignment, deduction in the class participation grading component, and potential failure of the course.

## CLASS OUTLINE

The following outline is a **tentative** schedule of topics to be covered; we may change the timing or order as needed.

- **Week 1 (1/15)**
  - Introduction to the course
  - Chapter 9: Financial Planning and Forecasting Financial Statements.
- **Week 2 (1/22)**
  - Chapter 11: WACC.
- **Week 3 (1/29)**
  - Chapter 12: Capital Budgeting.
- **Week 4 (2/5)**
  - Chapter 13: Estimating Cash Flows and Analyzing Risk.
- **Week 5 (2/12)**
  - Chapter 13: Estimating Cash Flows and Analyzing Risk.
  - Case 1 (Stryker Corp) due/discussion.
- **Week 6 (2/19)**
  - Chapter 16: Capital Structure Decisions.
- **Week 7 (2/26)**
  - Case 2 (Capital structure) due/discussion.
  - Review for Midterm Exam.
- **Week 8 (3/5)**
  - **Midterm exam (3/5): CH 9, 11, 12, 13, 16**
  - Chapter 17: Dynamic Capital Structure.
- **Week 9 (3/12)**
  - SPRING RECESS
- **Week 10 (3/19)**
  - Chapter 14: Real Options.
  - Case 3 (Real options) due/discussion.

- **Week 11 (3/26)**
  - Chapter 19: Leasing.
- **Week 12 (4/2)**
  - Chapter 21: Working Capital Management.
- **Week 13 (4/9)**
  - Chapter 23: Other Topics in Working Capital Management.
- **Week 14 (4/16)**
  - Chapter 26: Mergers, LBOs, Divestitures, and Holding Companies.
- **Week 15 (4/23)**
  - Finance simulation (Capstone simulation) due.
  - Review for final exam: **CH 17, 14, 19, 21, 23, 26**
- **FINAL EXAM TBA (4/30-5/5)**

# How to access your Aplia course

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## Applications in Financial Management

**Instructor:** Christian Pinto

**Start Date:** 01/15/2018

### What is Aplia?

In the last 15 years, more than two billion answers have been submitted through Aplia, the premier online assignment solution. Millions of students use Aplia to better prepare for class and for their exams. Join them today!

### Registration

Connect to <http://login.cengagebrain.com/course/E5US-DT23-ALTG>

Follow the prompts to register for your Aplia course.

### Payment

After registering for your course, you will need to pay for access using one of the options below:

**Online:** You can pay online using a credit or debit card, or PayPal.

**Bookstore:** You may be able to purchase access to Aplia at your bookstore. Check with the bookstore to find out what they offer for your course.

**Temporary Access:** If you are unable to pay at the start of the semester your course enrollment includes a free trial period of up to two weeks.

After the temporary access period ends you will be required to pay for access.

Please note: At the end of the temporary access period, your course access will be suspended until your payment has been made. All your scores and course activity will be saved and will be available to you after you pay for access.

If you already entered an access code or bought Aplia in your bookstore or online, simply login through the provided link to register for the course.

### System Check

To check whether your computer meets the requirements for using Aplia, go to

<https://www.aplia.com/support/sysreq.jsp>