

Fall 2023

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| Meeting days: Wednesdays | Instructor: Dan Bothe |
| Meeting times: 5:30pm – 8:15pm | Cell Phone: 858-204-3866 |
| Meeting location: Mission Valley Campus MV316 | E-mail: dbothe@pointloma.edu |
| Office Location: FSB 125 Main Campus (or meet at MV campus 3 rd Floor) | Office hours: By appointment |

PLNU Mission

To Teach ~ To Shape ~ To Send

Point Loma Nazarene University exists to provide higher education in a vital Christian community where minds are engaged and challenged, character is modeled and formed, and service is an expression of faith. Being of Wesleyan heritage, we strive to be a learning community where grace is foundational, truth is pursued, and holiness is a way of life.

Fermanian School of Business Mission

Character – Professionalism – Excellence – Relationships – Commitment – Innovation

As members of a vital Christian community, we strive to provide high quality business programs that equip students to make a positive impact in their workplace and community by connecting purpose to practice.

COURSE DESCRIPTION

This course examines various financial management opportunities and challenges faced by corporate decision makers on both theoretical and applied levels. Course topics include the analysis of financial statements, securities valuation, risk and return, mergers and corporate control, cost of capital, securities offerings, financial planning and forecasting, capital budgeting, bankruptcy and reorganization, capital structure and business valuation.

COURSE LEARNING OUTCOMES

The following learning outcomes are aligned with the Fermanian School of Business Program Learning Outcomes. Upon successful completion of this course, students will be able to:

1. Explain the major theories, concepts and decision-making areas of financial management (PLO 1).
2. Apply financial management concepts to various business decisions (PLO 2 & 3).
3. Analyze financial management issues and formulate recommendations using analytical and critical thinking skills (PLO 3).
4. Formulate financial management decisions considering ethical values (PLO 5).
5. Support ideas and present information clearly through effective written and verbal communication (PLO 6).
6. Collaborate as an effective team member when making financial management decisions (PLO 7).

REQUIRED TEXTS AND STUDY RESOURCES

1. **Required:** Brigham Ehrhardt, *Financial Management: theory and practice*, 16th edition, Cengage Learning, 2017, 2020 (ISBN: 978-1-337-90260-1). Ebook and/or loose-leaf acceptable.
2. **Required:** Various Harvard Business Review (HBR) case studies and articles (may involve cost to student for case study copy) – TBD.
3. **Required:** Laptop (bring to all class meetings and exams) with Microsoft Excel (Google Sheets and Apple Numbers CANNOT be substituted for Excel as they do not have the required functionality).
4. **Recommended:** Undergraduate Finance Textbook (recommended to supplement required textbook) – Example: Keown, Martin & Petty, *Foundations of Finance*, any recent edition.

MANDATORY COURSE PRE-REQUISITE MODULE

In preparation for this course, you are required to complete a pre-requisite module called Foundations of Finance. An MBA program staff member has sent registration and completion instructions to your PLNU e-mail. If you have not received these instructions, please notify the instructor immediately to avoid late completion penalties.

To earn some extra credit, please complete the module by 11:59pm on Sunday, August 27th. The time to complete the module is estimated at 6 to 9 hours, depending on your previous exposure to the subject. You do not need to provide me with the completion certificate; MBA staff will pull your report upon completion.

This module is required for all students regardless of your background in finance. Your professor will expect that you have mastered the content in this module, as it is considered foundational to the class. You will be able to refer back to the content in this module during the semester.

To successfully complete the module, you must earn a minimum score of 80% on the module post-test. You are allowed to attempt the post-test twice. If you have not achieved a passing score (80%) after two attempts, you will be required to purchase a new module for \$39.00, and continue attempts until a passing score is achieved at the same URL:

<https://micro.peregrineacademics.com/pointloma>

The password for the retake module is: **PLNUPAY-1001**

If you take any modules that are not assigned to you for this course, you will be billed for each module at \$39. Modules should only be taken when assigned by the course and NOT earlier.

This module is worth 5% of your total course grade. Extra credit is available if you complete the module early. Similarly, earned credit will be reduced according to the timeline given in the table below:

| Date | % Grade Earned | Incentive |
|------------|----------------|--------------------|
| 8/20 | 7% | Early Reward |
| 8/27 | 6% | Early Reward |
| 9/3 | 5% | Full Credit |
| 9/10 | 3% | Late Penalty |

Note: If the course pre-requisite module has not been completed with a score of 80% or higher by **9/11**, the student will be dropped from the class. Students may receive only a partial refund in accordance with the PLNU refund policy outlined in the catalog.

The percentage earned on the leveling module post-test will be translated into points in conjunction with the extra credit and late penalty percentages as specified in the table below:

| Post-test Percentage | Points Earned if completed by 8/20 | Points Earned if completed by 8/27 | Points Earned if completed by 9/3 | Points Earned if completed by 9/10 |
|----------------------|------------------------------------|------------------------------------|-----------------------------------|------------------------------------|
| 95.00-100 | 70 | 60 | 50 | 30 |
| 90.00-94.99 | 63 | 54 | 45 | 27 |
| 85.00-89.99 | 56 | 48 | 40 | 24 |
| 80.00-84.99 | 49 | 42 | 35 | 21 |
| <80.00 | 0 | 0 | 0 | 0 |

CLASS ACTIVITIES (ASSESSMENT AND GRADING)

Students will be evaluated on the following graded events:

| <u>Graded Event</u> | <u>Points</u> |
|---|---------------|
| Peregrine Leveling Module (Prerequisite)* | 50 |
| Homework (11 @ 20 points each) | 220 |
| Case Study Summaries (3 @ 35 points each) | 105 |
| Class Participation/Attendance | 100 |
| Mid-Term Exam | 225 |
| Final Exam (Comprehensive) | <u>300</u> |
| Total Points Available | 1,000 |

* Bonus/penalty points applied based on above table

Students will be evaluated based upon the following scale:

| Percent | Letter Grade | Percent | Letter Grade | Percent | Letter Grade |
|-----------|--------------|-----------|--------------|-----------|--------------|
| 93.0-100 | A | 80.0-82.9 | B- | 67.0-69.9 | D+ |
| 90.0-92.9 | A- | 77.0-79.9 | C+ | 63.0-66.9 | D |
| 87.0-89.9 | B+ | 73.0-76.9 | C | 60.0-62.9 | D- |
| 83.0-86.9 | B | 70.0-72.9 | C- | 0.0-59.9 | F |

Individual Homework: Homework assignments will primarily consist of problems from each chapter and will be assigned (via Canvas) for each class period approximately one week prior to the due date of such assignments. **All homework assignments must be turned in (via Canvas) no later than 5:30pm on the date the homework assignment is due. Late homework will not be accepted** as we will review all assignments in class the date they are due. Submit only your own original work for homework. While working together on homework assignments is encouraged, **you cannot share homework (Microsoft Excel) files**. Homework must be **prepared using Microsoft Excel** and submitted through Canvas. Homework must include all work and supporting calculations in Excel for credit.

Case Study Summaries: Case summaries for each assigned case are to be prepared based upon questions relating to such cases provided by the instructor. The specific case assignments and related questions, as well as the due date/time for each case summary will be posted via Canvas. Certain case studies will be completed individually and certain case studies will be completed in groups, as indicated in Canvas. Case summaries are to be 2 to 3 pages (APA format) in length plus any necessary supporting analysis and calculations. All supporting analysis and calculations must be prepared in Microsoft Excel. **Late case summaries will not be accepted** as we will discuss all cases in class the day case summaries are due. Submit only your original work for case summaries. A thorough reading and analysis of each case is required to prepare the case summaries and to prepare you for your required contribution to case discussions that will occur for each case during class (see class participation below). Case Study Summaries must be submitted through Canvas.

Class Participation / Attendance: The success of the course will be impacted by the quality of participation each class period. Class participation will be based upon your contributions to discussions, including input or questions regarding the readings, case-studies and homework assignments. In addition, you should be prepared to answer questions, and participate in group activities and other in-class assignments as they may arise. Class participation will also be based upon your attendance – please see the class policy regarding attendance below.

Exams: Every student is to be present for the mid-term exam and the final exam at the scheduled times. Students should not share their Excel files with other students as each student must create their own spreadsheets. If it is determined that a student used AI assisted websites or tools (such as ChatGPT) on an exam, they will receive a zero for the exam. **No makeup exams will be given without PRIOR permission.** I will provide a makeup exam only for absences officially excused by the university Provost or for emergencies completely beyond a student's control, such as a documented illness or injury. You must coordinate any conflict with one of these exams with me as soon as you discover it, preferably not later than 72 hours prior to the exam.

CLASS POLICIES

PLNU Attendance and Participation Policy: Regular and punctual attendance at all class sessions is considered essential to optimum academic achievement. Therefore, regular attendance and participation in each course are minimal requirements. If the student is absent for more than 10 percent of class sessions, the faculty member will issue a written warning of de-enrollment. If the absences exceed 20 percent, the student may be de-enrolled without notice until the university withdrawal date or, after that date, receive an "F" grade. Students who anticipate being absent for an entire week of a course should contact the instructor in advance for approval and make arrangements to complete the required coursework and/or alternative assignments assigned at the discretion of the instructor. Acceptance of late work is at the discretion of the instructor and does not waive attendance requirements. Refer to [Academic Policies](#) for additional detail.

Artificial Intelligence (AI) Policy: You are allowed to use Artificial Intelligence (AI) tools (e.g. ChatGPT) to help structure homework problem solutions, but you are not allowed to use AI tools on any exams. If you have any questions about using AI, please discuss with the instructor.

PLNU Academic Honesty Policy: Students should demonstrate academic honesty by doing original work and by giving appropriate credit to the ideas of others. Academic dishonesty is the act of presenting information, ideas, and/or concepts as one's own when in reality they are the results of another person's creativity and effort. A faculty member who believes a situation involving academic dishonesty has been detected may assign a failing grade for that assignment or examination, or, depending on the seriousness of the offense, for the course. Faculty should follow and students may appeal using the procedure in the university Catalog. See Graduate Academic and [General Policies](#) for definitions of kinds of academic dishonesty and for further policy information. During the first week of class, you will be asked to submit an Academic Honesty Verification Statement. Submitting the statement is a requirement of this course. By submitting the Academic Honesty Verification Statement, you will be verifying all assignments completed in this course were completed by you. Carefully review the Academic Honesty Statement below. Statement: "In submitting this form, I am verifying all the assignments in this course will be completed by me and will be my own work."

Dropping the Course: It is the student's responsibility to maintain their class schedule. Should the need arise to drop this course (personal emergencies, poor performance, etc.), the student has the responsibility to follow through (provided the drop date meets the stated calendar deadline established by the university), not the instructor. Simply ceasing to attend this course or failing to follow through to arrange for a change of registration (drop/add) may result in a grade F on the official transcript.

PLNU Academic Accommodations Policy: PLNU is committed to providing equal opportunity for participation in all its programs, services, and activities. Students with disabilities may request course-related accommodations by contacting the Educational Access Center (EAC), located in the Bond Academic Center (EAC@pointloma.edu or 619-849-2486). Once a student's eligibility for an accommodation has been determined, the EAC will issue an academic accommodation plan ("AP") to all faculty who teach courses in which the student is enrolled each semester. PLNU highly recommends that students speak with their professors during the first two weeks of each semester/term about the implementation of their AP in that particular course and/or if they do not wish to utilize some or all of the elements of their AP in that course. Students who need accommodations for a disability should contact the EAC as early as possible (i.e., ideally before the beginning of the semester) to assure appropriate accommodations can be provided. It is the student's responsibility to make the first contact with the EAC.

Schedule and Other Changes: The information in this syllabus is subject to change. Any such changes will be announced in class and/or communicated via Canvas or email.

Canvas and Email: Assignments, announcements, changes to this syllabus and other communication from the instructor, from time to time, may be made via Canvas or email.

Mobile Phones and Other Mobile Devices: The use of mobile phones, including phone calls, texting or other purposes, is not allowed in the classroom during class meetings or examinations. Please keep mobile phones turned-off and out of sight. The classroom use of PC's/tablets should only be for class-related work and not for social media or any other non-class purposes.

Final Examination Policy: Successful completion of this class requires taking the final examination **on its scheduled day**.

PLNU Copyright Policy: Point Loma Nazarene University, as a non-profit educational institution, is entitled by law to use materials protected by the US Copyright Act for classroom education. Any use of those materials outside the class may violate the law.

TENTATIVE COURSE SCHEDULE

| WEEK | CLASS MTG | DATE | CHAPTER | TOPIC | HW DUE |
|------|--------------|-------|--------------------|--|----------------------------------|
| 1 | No Class Mtg | 8/30 | | Light Week | |
| 2 | 1 | 9/6 | CH 1 | Course Introduction/Overview of Financial Management | |
| | | | CH 3 | Analysis of Financial Statements (1 of 2) | |
| 3 | 2 | 9/13 | CH 3 | Analysis of Financial Statements (2 of 2) | CH 3 HW |
| | | | CH 4 | Time Value of Money (1 of 2) | |
| 4 | 3 | 9/20 | CH 4 | Time Value of Money (2 of 2) | CH 4 HW |
| | | | CH 5 | Bonds and Bond Valuation (1 of 2) | |
| 5 | 4 | 9/27 | CH 5 | Bonds and Bond Valuation (2 of 2) | CH 5 HW |
| | | | CH 7 | Stocks and Stock Valuation (1 of 2) | |
| 6 | 5 | 10/4 | CH 7 | Stocks and Stock Valuation (2 of 2) | CH 7 HW CH 22 HW** |
| | | | CH 22 | Mergers and Corporate Control | |
| | | | CH 6 | Risk & Return/CAPM (1 of 2) | |
| 7 | 6 | 10/11 | CH 6 | Risk & Return/CAPM (2 of 2) | CH 6 HW CH 18 HW** Case #1 |
| | | | CH 18 | IPOs, Seasoned Offerings and Investment Banks | |
| | | | | Case #1- Group (Analysis of Financial Statements) Discussion | |
| 8 | 7 | 10/18 | 3-7, 18, 22 | Mid-Term Exam | |
| 9 | 8 | 10/25 | CH 15 | Capital Structure Decisions | CH 15 HW** |
| | | | CH 10 | Capital Budgeting: Tools (1 of 2) | |
| 10 | 9 | 11/1 | CH 10 | Capital Budgeting: Tools (2 of 2) | CH 10 HW |
| | | | CH 11 | Capital Budgeting: Cash Flows (1 of 2) | |
| 11 | 10 | 11/8 | CH 11 | Capital Budgeting Cash Flows (2 of 2) | CH 11 HW |
| | | | CH 9 | Cost of Capital (1 of 2) | |
| 12 | 11 | 11/15 | CH 9 | Cost of Capital (2 of 2) | CH 9 HW |
| | | | CH 12 | Corporate Valuation and Financial Planning (1 of 2) | |
| 13 | | 11/22 | | NO CLASS - Thanksgiving Week | |
| 14 | 12 | 11/29 | CH 12 | Corporate Valuation and Financial Planning (2 of 2) | CH 12 HW Case #2 |
| | | | | Case #2 - Group (Cost of Capital) Discussion | |
| 15 | 13 | 12/6 | CH 24 | Bankruptcy, Reorganization and Liquidation | CH 24 HW** Case #3 |
| | | | | Case #3 - Individual (Corporate Valuation) Discussion | |
| 16 | 14 | 12/13 | Comprehensive | Final Exam | |

** Qualitative Homework