Syllabus
Financial Management MBAD-6152

I. General Information

Time: Tuesday, 5:30 P.M. - 8:15 P.M.

Location: Center City Building, Uptown
320 E. 9th Street

Instructor: C.W. Sealey, PhD
The Torrence E. Hemby, Sr., Distinguished Professor in Banking
Department of Finance
University of North Carolina at Charlotte
Friday Building, Room 209-A

Office Hours: Tuesday, 4:30 P.M. - 5:30 P.M. at the Center City Building,
or at the University campus by appointment

Phone Number: 704.687.7613

Email: cwsealey@uncc.edu

Required Text: Richard A. Brealey, Stewart C. Myers, Franklin Allen, Principles of

II. Course Description

MBAD 6152. Financial Management. (3) Cross-listed as FINN 6152. Prerequisites: MBAD
6112 and MBAD 6131. Theory and practice of corporate finance including asset management,
cost of capital, capital budgeting, optimization problems and socio-economic aspects of financial
management. Computer technology may be employed when applicable.

III. Course Objectives

At the core of Modern Financial Analysis is the concept of Valuation. The two principle sub-
fields in Finance—Investments and Corporate Finance—are both inextricably integrated by this
concept. In this course, we will discuss methods and techniques for assessing valuation as it relates to Corporate Finance. The health of a company, managing for the future, and creating value for shareholders will be examined. Our methodology to accomplish this relies on absorbing the material in our text via classroom lectures, discussions, problem solving, group work, and student presentations. To the extent that time permits, alternative viewpoints will be introduced where appropriate. The class is designed to give students a firm foundation for financial decision making at the firm level, and achieve a level of understanding that will allow students to apply that understanding to a range of financial problems.

IV. Outline of Topics and Readings

In keeping with the main outline of the textbook, the topics covered are divided into seven, often broad, categories. These categories are in turn divided into a number of chapters. The outline of topics for class coverage is shown below. Although I have retained the seven-section approach of the textbook authors, please note that topics signified with a double asterisk, **, indicates those topics that I believe are of utmost importance in a course on financial management. These are topics we will cover in detail in class, at least to the extent that time will allow. Topics marked with a single asterisk, *, are topics related more to applications and practice, and will be covered by assigning student groups to work on class presentations of these topics. Also, please note that the topics with a double asterisk constitute 16 chapters to be covered. This is an ambitious undertaking in a one semester course. Unfortunately, it may be necessary to cover some of these chapters only briefly.

Finally, specific dates for coverage of specific material are not given because I have found that in my considerable years of teaching that such limits present a hindrance to learning. In my view, learning does not take place on a precise time table. I will always briefly discuss the material to be covered next class. If a student wants to read ahead, as I have noted above, the outline shows the topics I deem most important.

Outline of Topics

1. Value
   - Goals and Governance of the Firm, Ch. 1**
   - How to Calculate Present Values, Ch. 2**
   - Valuing Bonds, Ch. 3**
   - The Value of Common Stocks, Ch. 4**
   - Net Present Value and Other Investment Criteria, Ch. 5**
   - Making Investment Decisions with the Net Present Value Rule, Ch. 6**

2. Risk
   - Introduction to Risk and Return, Ch. 7**
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- Portfolio Theory and the Capital Asset Pricing Model, Ch. 8**
- Risk and the Cost of Capital, Ch. 9**

3. Best Practices in Capital Budgeting
   - Project Analysis Chapter 10*

4. Financing Decisions and Market Efficiency
   - Efficient Markets and Behavioral Finance, Ch 11**

5. Payout Policy and Capital Structure
   - Payout Policy, Ch 12**
   - Does Debt Policy Matter? Ch 13**
   - How Much Should a Corporation Borrow? Ch 14**
   - Financing and Valuation, Ch 15**

6. Options
   - Understanding Options, Ch. 16**
   - Valuing Options, Ch. 17**

7. Financial Planning and Working Capital Management
   - Financial Analysis, Ch. 18*
   - Financial Planning, Ch. 19*

V. Other Information

1. The above outline is intended to serve as a guide so that you can match the appropriate textbook material with each topic. Students should read the assigned material and be prepared to discuss it prior to the class when each topic is covered. In addition, students should regularly review current business events, especially those that involve financial management. The best way to develop an awareness of current financial events is by reading *The Wall Street Journal, The Economist, Business Week* and similar publications.

2. This course is an applications-oriented course. Lectures are based on the material in the text, and other material if assigned, and will be related to current events where appropriate. Throughout the semester we will relate the textbook material to real financial problems in an effort to understand and evaluate current events occurring in the financial world. Exams are based on the assigned reading materials, lectures and classroom discussions, and presentations.
3. It should go without saying that each student is expected to perform his/her work for this course in an ethical and honest manner. That includes following both the UNC—Charlotte Code of Student Academic Integrity as well as meeting general business expectations regarding work quality and integrity. Hence, all students are required to be familiar with the following policies as stated on the UNC—Charlotte web site, at http://legal.uncc.edu/policies/#student, and to conduct themselves in accordance with those standards:

- The UNC—Charlotte code of Student Responsibility (Policy Statement 104, which can be found at www.legal.uncc.edu/policies/#student); and

- The UNC-Charlotte code of Student Academic Integrity (Policy Statement 105, which can be found at www.legal.uncc.edu/policies/#student).

4. The Belk College of Business strives to create an inclusive academic climate in which the dignity of all individuals is respected and maintained. Therefore, we celebrate diversity that includes, but is not limited to ability/disability, age, culture, ethnicity, gender, language, race, religion, sexual orientation, and socio-economic status.

VI. Assignments and Grading:

You will be graded on a variety of tasks that include in-class exams and exercises/presentations. Letter grades will be assigned on the basis of your performance on these activities. Numerical points will be assigned in the following way on the various activities:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mid-Term Exam - Individual</td>
<td>30</td>
</tr>
<tr>
<td>Exercises/Presentations - Group</td>
<td>20</td>
</tr>
<tr>
<td>Final Exam - Individual</td>
<td>50</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

We will follow the below scale to convert numerical marks to letter grades:

90—100 A
80—89 B
70—79 C

Students will need to have a financial calculator (with an ability to master the machine), and come to class prepared in order to get the most out of this experience. By necessity, the class will move somewhat quickly, particularly with certain topics. It is extremely important not to fall behind!!