

**American University - Central Asia
Master of Business Administration**

**e-Course Syllabus
(Moodle Password: MBA693)**

MBA 693.1: Financial Management

Number of Credits: 3

Prerequisite: MBA 518.1

Lecture hours per week: 2.5

Seminar hours per week: 0

Independent study hours: 5

Course Description

All managers are required to possess a basic understanding of finance and financial management. *Financial Management* course is designed as an introduction to finance via conceptual thinking, basic financial analysis, and financial calculations. The course in corporate finance describes the corporation and its operating environment, the manner in which corporations create value for shareholders by the transformation of a set of inputs (human labor, raw materials, and technology) into a more highly valued set of outputs, the process by which corporate management assesses investment opportunities and determines the best choices for financing productive investment, and the requirements of financial market participants who are sought as financiers (and, therefore, residual claimants to the profits of) such investments. The course covers basic concepts in financial statements analysis, risk and rate of return, cost of capital, corporate securities and financial planning.

Course Introduction

Financial Management course will focus on understanding how firms meet and manage their financial objectives. Today's financial environment, the fundamental trade-off between risk and return, cost of capital, debt securities and dividend policy will be discussed. The course is designed to provide students with analytical tools that allow them to determine the "intrinsic value" of a corporation. This course will also explain financial tools and techniques, which can be used to help firms maximize value by improving decisions relating to capital. It is important for students to develop a basic understanding of finance concepts and their application to business management. Students will learn how capital markets function, what different securities and financing instruments exist, and how to manage cash flow.

Course Goals and Objectives

The objectives of the course are to provide students with basic financial management knowledge; focus on the idea that time costs money; familiarize students with principles and functions of financial management and to teach students financial management techniques for various levels of management while enriching leadership skills.

At the conclusion of the course, student will learn:

- about the inter-relationships between finance and the other key functions of a business enterprise
- to master the analytical tools of finance and make recommendations to management
- work in a team environment to discuss and prepare a major project.

Methodology

Classes will be taught under the assumption that students have read the required materials and prepared the assignments prior to the class session. Classes will include reading lecture notes and articles from financial press, which will form the basis for the class discussions. Active participation in class discussions is a course expectation.

Course Materials

There are three course-related materials required for the course as noted below in the table. All materials are available in the AUCA library and web resource folder for your use during the semester.

Item	Author(s)	Reference
1	Richard A. Brealey, Stewart C. Myers & Alan J. Marcus	<i>Fundamentals of Corporate Finance</i> , Second Edition, McGraw-Hill/Irwin, 1999. (ISBN: 0-07-007486-0)
2	Charles A. D'Ambrosio, Stewart D. Hodges	Study Guide to Accompany Brealey and Myers: <i>Principles of Corporate Finance</i> , McGraw-Hill/Irwin, 1988. (ISBN: 0-07-007388-0)

Course-related information including the syllabus, class handouts and MS PowerPoint materials will be posted on the AUCA's e-course web-site. Regular reading of *The Wall Street Journal* and *The Financial Times* is strongly recommended.

Grading Information

AUCA Business Administration Department Grading Scale:

A	100 - 93	C	76 - 73
A-	92 - 90	C-	72 - 70
B+	89 - 87	D+	69 - 67
B	86 - 83	D	66 - 63
B-	82 - 80	D-	62 - 60
C+	79 - 77	F	59 - 0

The grade of **C** is assigned when a student's performance is "satisfactory." This represents a student that has understood the subject material, shows reasonable competence, and conforms to the minimum requirements.

The grade of **B** represents "good scholarship." This identifies a student that has performed at a higher than satisfactory level, exhibits proficient use of course related terminology, and deals with challenging topics.

The grade of **A** is assigned for "outstanding scholarship." This is reserved for those students that have shown distinction in their performance, advance the general understanding of the material, and apply both terminology and principles in completing course related assignments.

In order to receive full credit, assigned work must be submitted before the scheduled submission deadline. Therefore, students keeping up with the course work and submitting assignments on time is essential. Late assignments will not be accepted for grading. Absence from class on the scheduled test and final examination dates does not imply a makeup test or

final examination will be administered. If commitments make submitting assignments on schedule impossible, students must consult with the professor in advance to make other arrangements. Failure to plan on your part does not constitute an emergency on my part.

Attendance and Participation

By registering for this course, students have made a commitment to participate in the course lectures and seminars as well as other course related activities. To contact the professor, use the available office hours. No appointment is necessary; however, prior notice would be appreciated. For issues, which cannot wait for office hours, please use the available e-mail address.

Attendance will be taken during the period of this course. However, there may be periods when a student must be physically absent from the classroom. During such periods, the student maintains the responsibility to obtain information concerning the material covered and upcoming assignments.

All students are expected to adhere to the AUCA Honor Code and other general rules of etiquette.

Academic Dishonesty

As defined, academic dishonesty is a "failure to maintain academic integrity." Failing to maintain academic integrity includes obtaining or giving help on an examination, doing work for another student, and plagiarism. Plagiarism is a serious issue in academic settings.

There is a general rule for avoiding plagiarism: never attempt to pass off another's work as your own. More specific guidelines are:

- Do not copy words from any source without quoting and citing that source. The quotation should be reproduced in the exact manner in which the quote is taken.
- Do not use the ideas, concepts or opinions from any source without citing that source. Included are key terms, technical concepts and original views.
- Paraphrasing is acceptable; however, one must take care to cite the source and not misrepresent the original thesis. Paraphrasing often is the area in which most charges of plagiarism result.

Students are expected to maintain high ethical standards in all their courses. All cases of academic dishonesty will result in a failing grade.

Academic Policies

Academic Policies are not course specific and therefore are created and maintained separately from this syllabus. One may examine AUCA Academic Policies in the AUCA Catalog.

Course Policies

The course policies for this course are shown in the table below.

Issue	Policy
Changes	The instructors reserve the right to change assignment topics, instructions, due dates, etc., as needed. All changes will be announced in class, and students are responsible for any such changes.
Submission of assignment	Written assignments and paper are to be completed in Times New Roman font, 12-point, double-spaces, margins 1" and printed on a laser quality printer. Written assignments are due at the beginning of class, and late assignments are not accepted. Assignments are to be submitted

	in hard copy format or via e-mail Excel attachment, unless otherwise specified by instructor.
Extra credit	Extra credit is not an option, so please do not ask.
Plagiarism/cheating	<p>Cheating includes:</p> <ul style="list-style-type: none"> ▪ re-using academic work from other courses without the express consent of the instructor. ▪ using another's work with or without their permission (e.g., paying someone or a company to do the work for you). ▪ working as a group to produce a single product which you each use individually to complete a non-group assignment. <p>Falsification of information which includes creating or citing sources for which bibliographic information cannot be provided upon request. Plagiarism which includes copying another's work verbatim or failing to give appropriate credit to another for an idea, opinion or theory. You should always cite sources when:</p> <ul style="list-style-type: none"> ▪ you are quoting another's work, ▪ you use another's idea, theory, argument or viewpoint, ▪ you use statistics, illustrations or facts from another unless the information is commonly known.
Attendance	Attendance is not required, but it is highly suggested. There is a participation grade in the course, and this grade will suffer by your non-participation.
Make-ups	In general, no make-ups will be allowed for any of the assignments in this class. Make-ups are permitted only in documented emergencies. In particular, if you are absent on a day when an in-class participation assignment is conducted, you cannot make up these points.
Examinations	All examinations must be taken at the same time as all class members, and no special examinations will be prepared. Class members without a documented medical excuse from a physician will receive zero credit for a missed examination.
Cell Phones	Please turn off your cell phone during class.
Tardiness	Please come to class on time. Arriving late interrupts the flow of the class and creates unnecessary distraction. If you should arrive late, please enter the class quietly and take a seat near the door.

Grade Components

Grade components in the course are shown in the table below.

Grade Component	Points	Percent
Individual Work (40%)		
Quizzes (5)	400	40%
Team Work (60%)		
Research Project	400	40%
Presentation	200	20%
Total	1,000	100%

Course Requirements

Quizzes

There will be five (5) close-book in-class quizzes comprised 40 percent of the course grade. The quizzes consist of a combination of multiple choice and true-false questions. The in-class quizzes are an important learning tool designed to reinforce the lecture and reading materials.

Team Research Project

The written course project, which is worth 400 points, must follow the criteria listed below:

- Length: 15-20 pages plus references and appendices
- Required elements: All sections as noted in the outline below
- Font: Times New Roman
- Size: 12 point font
- Spacing: 1.5-lines spacing
- Margins: top and bottom – 20 mm, left and right – 30 mm
- Financial analysis requirements:
 - Income statement – 3 years annually
 - Cash flow statement – 3 years annually
 - Balance sheet – 3 years annually
 - Assumptions page – covering all major financial market assumptions

The team project must be submitted within one week after the conclusion of the course. All projects must be submitted prior to 6:00 p.m. on Wednesday (December 23, 2015) by e-mail. Late submissions will not be accepted for grading. Contact the professor before the deadline with eventual submission difficulties, suggestions and other assistance.

Verbal Presentation

Each team will prepare and deliver a 20-minute Power Point presentation summary of their written paper. An independent group of professors and business professionals will judge each presentation, and award up to 200 points for the quality of the presentation and its content.

RESEARCH PROJECT OUTLINE

Sections	Possible Points
Cover Page	10
Table of Contents	10
01. Executive Summary	25
02. Company Overview	30
03. The Industry Analysis and Trends	45
04. Financial Analysis (three-year scope)	50
05. Financial Ratios Analysis	50
06. Financial Market Evaluation and Stock Performance	45
07. Financial Policy	35
08. Problems and Assumptions	40
09. Statement of Recommendations	30
Bibliography	20
Appendices	10
Total Possible Points	400

VERBAL POWER POINT PRESENTATION

Grade Element	Possible Points
Introduction	10
01. Company Overview	10
02. The Industry Analysis and Trends	15
03. Financial Analysis (three-year scope)	20
04. Financial Ratios Analysis	20
05. Financial Market Evaluation and Stock Performance	15
06. Financial Policy	10
Definition of Problems and Risks	20
Conclusion, Quality of Recommendations	20
Creativity and Innovation of Presentation	15
Quality of Power Point Materials	15
Teamwork	10
Clarity of Presentation	10
Professionalism	10
Total Possible Points	200

The Research Project

Overview and Objectives

The purpose of the team project is to:

- Develop an awareness and ability to research business organizations via the Internet.
- Research and analyze the financial policies of a major corporation.
- Study the current economic conditions of the economy/industry and the financial market evaluation (stock and other securities) of your selected company.
- Present your findings in a professional well-written business report.

Class members will work in teams to write a research paper as the major project for this course. The work required to prepare the project is significant and time consuming, and much of it will be conducted outside of class time.

1. Select a company/corporation, not used by another student. One should be an industry leader (blue chips) by some criteria. Make a list of companies of interest to you.
2. Research your company/industry extensively from the sources on the company official web-site, research area of the Online WSJ, Bloomberg or other sources. If you prefer paper-based financial statements and company data, request annual reports for the last three years from the company.
3. Set up a stock price tracking system for your company, perhaps using one of the portfolio tracking programs found on the Internet or Yahoo Finance. You may add the stocks of other, similar companies for benchmarking purposes. Many services provide graphic plots of stock price performance. Set up your tracking system, including general market news, industry news, company news, and stock performance so that you can generate a monthly/annual report efficiently.
4. The stock performance section should summarize the stock performance over the last three years relative to the market and the significant factors that had an impact on the stock value of the company and/or their industry.
5. Based on the various topics related to financial management, analyze your companies' financial policies and their financial performance (financial statements analysis, financial ratios and stock performance) in detail for the last three years.
6. The final report should include a title page, table of contents, executive summary, bibliography (including business periodicals, not just Internet sources), and appendix. The scope and focus of your paper might include the following:
 - An introduction describing the company, with emphasis on the historic and recent performance.
 - A description of the manner and extent to which the company's financial performance was affected in the most current year by changes in the macroeconomic factors. Include critical analysis, not just description, industry analysis and trends, major companies in industry, three-year scope for financial analysis and stock performance.
 - A significant part of the paper should include a three-year review of stock performance and the factors influencing the stock price including industry/competitor factors and company-specific factors.
 - A statement of recommendations for improvement by the company in financial management, together with appropriate justification for these recommendations.

- Identification of the sources of your research provided by way of foot notes to your report. The current annual report of the company is critical to your financial analysis and you should obtain a copy as soon as possible.
- The paper is to be typed and should contain twelve to fifteen pages of text, exclusive of bibliography.

Please take care to insure that your written project flow logically, is succinct, and efficiently communicate with the reader. Spell-check and grammar-check all of your work. Graduate-level communication skills are the expected norm.

Teams will be graded for each component in the project as follows:

Groups

You are expected to form groups with two (2) members. You can choose your own groups. Groups must be formed and companies must be selected by the second lecture. Class participants who have not found a group by the end of the second lecture will be allocated to groups consisting of less than three members.

Firing a Group Member

One of the common occurrences in groups is that not everyone contributes equally to group performance. Sometimes, however, a group member will not contribute anything to the group project. Other times, group members can be seriously disrespectful, disruptive, and detrimental to the group. If this is occurring in your group, you can fire that person from the group by following these procedures.

- *Group Meeting: Starting the Firing Process* - The rest of the group must meet to discuss starting the firing process. A majority of group members is needed to begin the firing process.
- *Written Warning*: The group must give a typed written warning which states their intentions to fire a group member. The warning must describe why (i.e., specific behaviors performed or not performed) the group wants to fire this person. Copies of the warning must be distributed to each member of the group and to Instructor.
- *Group Meeting: Ending the Firing Process*

Tentative Discussion Schedule

A weekly schedule of lectures and assignments is shown in the table below.

Week	Date	Lecture Topic	Textbook	Assignments Due
1	October 28	Course Overview Finance and The Financial Manager Financial Markets and Institutions	Ch. 1	
2	November 4	Accounting and Finance Measuring Corporate Performance Financial Statement Analysis	Ch. 2 Ch. 4, 16	Select Team and Company
3	November 11	An Overview of Corporate Financing Corporate Securities	Ch. 11-12	Quiz 1
4	November 18	Venture Capital, IPO, Seasoned Offerings	Ch. 13	Quiz 2
5	November 25	Long-Term Financial Planning	Ch. 17	Quiz 3
6	December 02	Short-Term Financial Planning	Ch. 18	Quiz 4
7	December 09	Working Capital Management What We Do and Do Not Know about Finance	Ch. 19 Ch. 24	Quiz 5
8	December 16 December 23	[Presentations] Research Project@ 6 pm		