



## Introductory Financial Management

FIN3000

Spring, 2023

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### Course Description

Financial management goals and decision making; time value of money; valuation of bonds and stocks, risk and return analysis, cost of capital, capital budgeting, cash flow estimation; financial statement analysis and financial planning. Prerequisites: ECON:1200 and ACCT:2100 and ECON:1100. Corequisites: FIN:3100.

### Course Objectives

1. Assess financial statements – DuPont Model and sources and uses of cash.
2. Forecast cash flows – both for funding assessment and for valuation purposes.
3. Understand and calculate time value of money.
4. Understand the components and drivers of cost of funds (return / discount rate).
5. Estimate weighted average cost of capital, understanding both its limitations and its uses.
6. Assess capital budgets using net present value techniques.

### Course Materials & Resources

#### 1) Coursepack

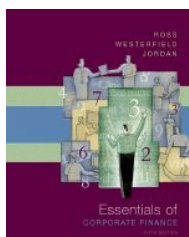
The coursepack provides all the topics we will cover during this course. We will do some numerical problem-solving practice in class, but the best approach to problems is seek out additional problems by using the text (see below) or preferably making up your own patterned upon the materials in the coursepack.

Provided by CIMBA – also posted in ICON.

#### 2) A financial calculator or access to Excel.

#### 3) Recommended: Essentials of Corporate Finance by Ross, Westerfield, Jordan [Irwin; 5<sup>th</sup> Edition; 2006]

Provided by CIMBA



There will not be specific problems or readings assigned from the text (although reading and practicing problems is strongly encouraged)

I strongly encourage reading the *European Wall Street Journal* and *The Economist* to track current events as they apply to finance.

Be certain to find a study partner early on. Having someone quiz and question you, and in counterpoint, having to explain material to someone else is, by far, the best learning methodology.

## **Grading**

Interim Tests – 450 points (150 each)

Final – 300 points

Group assignment - FSA – 100 points

Group assignment - WACC – 100 points

Participation and professionalism – 50 points

Course grades will be approximately distributed according to the recommended guidelines of the Finance Department at the University of Iowa, which is 25% A's, 35% B's, 30% C's, and 10% D's. These are only guidelines.

Tests – There will be three interim tests (non-cumulative) and a final (cumulative). You may use a calculator (or if you do not have a financial calculator, your laptop – only Excel may be open and wireless must be turned off). You may bring a one-page cheat sheet to each exam. Limit one 3x5 card, one side (3x5 is  $\frac{1}{4}$  of a letter- or A4-size page). Please put your name on the back of the cheat sheet and hand it in with the exam.

Group assignments – The class will be broken into groups of two students. Each group will select a firm and prepare two write-ups. Please choose a publicly-traded firm that manufactures a physical good (it will be easier).

- 1) DuPont-style financial analysis. This will include the calculation of ratios and more importantly, an assessment of recent changes to the firm with suggestions regarding the changes.
- 2) An estimation and an assessment of the firm's WACC.

Please submit each assignment write-up to ICON PRIOR to the class session in which it is due.

Participation –

Do –

Bring an article or current event to the professor's or class' attention. This means provide an assessment, not just a url.

Ask questions in class.

Don't –

Act unprofessionally – text or use social media during class.

Disparage other students.

# Class Schedule

*The class schedule is subject to change.*

Class Session	Topic	Which text chapter(s) contain this topic?
1	Course Introduction Finance as a profession Accounting Reminder	
2	Sources and Uses of Cash	2
3	Financial Statement Analysis - DuPont	3
4	Cash Flow Forecasting – AFN – planning for capital	4
5	Time Value of Money	5
6	Time Value of Money	5, 6
7	<b>Test</b>	February 8, 2023
8	<b>Test review / currency exchange</b>	
9	Interest Rates	7
10	Interest rates – Risk and return	7, 13
11	Interest rates - Bonds	7
12	Equity markets – stock valuation	8
13	<b>Test</b>	February 27, 2023
14	<b>Test review / personal finance</b>	
15	WACC	14
16	WACC	14
17	Project cash flow forecasting - valuation	10, 11
18	NPV and IRR	9
19	Capital budgeting conclusions / capital structure	10, 11, 16
20	<b>Test</b>	March 30, 2023
21	<b>Test review / derivatives and insurance</b>	
	Final Exam	

Test Dates:

Feb 8

Feb 27

Mar 30

### **Attendance Policy**

Attendance at all classes and CIMBA sanctioned activities is MANDATORY. All unexcused absences will have the following consequences:

- a. 1st absence will result in a loss of a 1/3 of a letter grade in that class
- b. 2nd (cumulative) absence will result in a loss of an entire letter grade in that class
- c. 3rd (cumulative) absence will result in a dismissal from the program.

Absences due to illness require a note from the CIMBA Office Staff. If a student is sick and cannot attend class, he/she must inform the CIMBA Staff immediately. Failure to do so will result in an unexcused absence.

### **Grievance Policy**

Student concerns regarding this course should first be discussed with me, the faculty member teaching this course. If we can't resolve the complaint, you may contact the CIMBA Director, Cristina Turchet (front office for appointments or phone +39 0423 932160 or [turchet@cimba.it](mailto:turchet@cimba.it) ). The Director will review the details of the complaint and involve the Associate Dean of the Undergraduate Programs, as needed.

### **Academic Misconduct**

The Tippie College of Business has an Honor Code, and you must abide by it in completion of all assignments. Integrity is a reflection of your character and is critical for creating meaningful and lasting relationships. One part of integrity is abstaining from acts like cheating, so cheating on any assignment in this class will result in an appropriate consequence, usually a zero for the grade in question and, if that penalty does not reduce the grade, a penalty of a full letter grade reduction. In addition, all incidents of cheating will be reported to the appropriate academic offices, and the student may be placed on disciplinary probation, be suspended, or even permanently expelled, depending on the severity of the offense. If a student has been found in violation of this policy, they will first be notified directly, then I will report to the appropriate program office. Faculty and students can report Academic Misconduct via the college website. ([https://cm.maxient.com/reportingform.php?Univoflowa&layout\\_id=6](https://cm.maxient.com/reportingform.php?Univoflowa&layout_id=6))

### **Accommodating Students with Disabilities/Academic Accommodations**

A student seeking academic accommodations such as a modification of seating, testing, timing, etc. should first register with their home institution's Student Disability Services, then contact Joelle Petersen ([joelle-petersen@uiowa.edu](mailto:joelle-petersen@uiowa.edu)) in the CIMBA Office to make further arrangements. See <http://sds.studentlife.uiowa.edu> for more information.

### **Fairness and Freedom of Expression:**

Every student is entitled to the same intellectual freedom I have. I will respect that freedom, and I am obliged to protect your freedom to learn, regardless of your religion, race, sex, sexual orientation, gender identity, or political views, or on your agreement or disagreement with my positions pertaining to matters of controversy within the discipline. I will do my best to provide you with a fair and impartial evaluation of your work, consistent with articulated standards for this course.

## **Sexual Harassment**

Sexual harassment subverts the mission of the Program and threatens the well-being of students, faculty, and staff. All members of the CIMBA community have a responsibility to uphold this mission and to contribute to a safe environment that enhances learning. Incidents of sexual harassment should be reported immediately. If you feel that you are being or have been harassed or you are not sure what constitutes sexual harassment, we encourage you to seek assistance from the CIMBA Director, Cristina Turchet at the front office or phone +39 0423 932160 or [turchet@cimba.it](mailto:turchet@cimba.it).

## **Sustainability**

The University is committed to demonstrating sustainability practices within all facets of the institution. Student support is critical to our campus wide efforts to reduce waste by consuming as few natural resources as possible and purchasing recycled materials when feasible. Recycling and reuse of all materials is encouraged. Together, let's ensure a better world for us and future generations. Learn more at the Office of Sustainability and the Environment <https://sustainability.uiowa.edu>.

## **Mental Health**

Students are encouraged to be mindful of their mental health and seek help if they are feeling overwhelmed and/or incapable of meeting course expectations. For assistance with the class, students are encouraged to talk to the faculty member. The CIMBA travel insurance will cover online counseling services. Please reach out to the CIMBA office for more details and support. After hours, we encourage you to call the emergency phone number at CIMBA if you are having a mental health emergency.