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BFIN 522.V60: Principles of Financial Analysis

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BFIN 425/522: Principles of Financial Analysis

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Office Hours: Zoom, by appointment

Course Objective:

This course is designed for graduate students who have had no previous finance coursework, and for students pursuing the Business Certificate. The course provides a foundation in finance that creates a pathway to the MBA, and a general comfort level with how finance influences business.

Finance is a broad subject, and a full introduction to finance would require introductions to investing, banking, risk management, and corporate financial management. Many of the tools we develop, and the analysis we use, is general enough to extend to other areas of finance. This course provides future MBA students with a necessary introduction to the financial implications of strategic business decisions.

The course begins with a review of common financial statements and cash flows, with an emphasis on evaluating firm performance. Next we introduce you to the mathematics of finance, in particular the time value of money, and the determinants of value. Next we examine how you can use the time value of money equations to value both bonds, and stock. This section continues with an introduction to the financial analysis of corporate investment decisions, the capital budgeting process.

Course Materials:

For this course we will be using Essentials of Corporate Finance 11th edition e-book packaged with the McGraw Hill Connect supplement. The book is provided as part of inclusive access through the bookstore and is purchased as part of your tuition bill. This fee grants you access to the e-book and the homework management system for the course. This approach is the most affordable way of providing access. You will receive the appropriate access codes under the Red Shelf link in Moodle. You can opt-out of the all-inclusive access and receive a refund to your tuition bill, however other alternatives are more expensive.

Course Delivery:

The course is offered asynchronously, meaning you can review course lectures, videos, and complete assignments according to your available time during each week of the summer semester. I will also post detailed explanations (video and non-video) of solutions to Excel problems beginning with Chapter 2. Please note that deadlines for each chapter's assignments are listed in Moodle—in general, the deadline for each week's assignments and quiz is midnight Sunday at the end of the week covering the chapter in question. For example, you will notice in Moodle that the deadline for Chapter 1 readings, assignments, and the quiz is midnight Sunday, May 28th. Exams will follow chapter 5 and chapter 10 of the text (more information about the exams is included below).

Mission Statements and Assurance of Learning

The College of Business at the University of Montana creates transformative, integrated, and student-centric learning experiences, propelling our students to make immediate and sustained impact on business and society. We nurture our students' innate work ethic to develop confident problem solvers and ethical decision makers. We pursue thought leadership and collectively create opportunities for a better life for our students, faculty, and staff.

COB Core Values:

- Students first: We educate the whole person
- Experiential learning: We create experiences that matter
- Thought leadership: WE create rigorous and relevant knowledge
- Stewardship: We value people, planet and profit

The University of Montana MBA Program's mission is to serve our region by educating leaders to effectively manage organizations in a global business environment.

As part of our assessment process and assurance-of-learning standards, the MBA program has adopted six learning goals for our students.

MBA graduates will demonstrate...

1. Integrated knowledge of business functions.
2. Communication skills and teamwork ability.
3. Ethical conduct, social responsibility, and professional leadership.
4. Analytical and innovative thinking in business problem solving.
5. Knowledge and application of current trends in information technology.
6. Ability to evaluate implications of operating in the global business environment.

Undergraduates will demonstrate.....

Learning Goal 1: COB graduates will possess **integrated business knowledge** for the core disciplines of Accounting, Finance, Management Information Systems, Management and Marketing.

Learning Goal 2: COB graduates will be **effective communicators**.

Learning Goal 3: COB graduates will possess **problem-solving skills**.

Learning Goal 4: COB graduates will have an **ethical awareness**.

Upon completing this course, a student will be able to:

- Use financial analysis tools to examine a firm's profitability, asset efficiency, leverage, and value.
- Use time value of money tools to conduct basic PV, and FV calculations.
- Use TVM tools to evaluate personal and business credit and investment decisions.
- Value financial instruments such as bonds and stock using TVM tools.
- Evaluate a firm's cash flows at the business and project level.
- Apply valuation methodologies to assess, accept or reject capital investments based on their expected effect on firm value.

- Understand the impact of risk on financial decisions and outcomes, and adjust decisions for varying risk.
- Estimate a firm’s cost of capital, and apply this cost in decision making.

McGraw Hill Connect (and Smart Book) Assignments:

There will be two types of assignments for this course which will be distributed through McGraw Hill Connect (access will come with your e-book). All of your coursework will be graded online immediately.

Smart Book Workbook Assignments: These are preliminary assignments to acquaint you with the material before we jump into solving problems. They include reading summaries and questions that reinforce knowledge. Please note due dates on the Connect site.

Connect Quizzes: More traditional quiz questions. If you are unhappy with your score, you may retake the quiz prior to the final deadline date. Please see the due dates on the Connect site.

Exams:

Two exams will be administered during the semester—following chapter 5 (covering chapters 1-5) and chapter 10 (covering chapter 6-10). These exams will contain roughly 50 multiple-choice questions. The exams will be open book – but they are timed. In addition to covering relevant chapter content, reviewing SmartNook assignments and quizzes will help you prepare for exams. More details on the structure and administration of exams will be provided as exam dates approach.

Course Evaluation Homework, Quizzes, and Exams:

Exams:	2 Exams	50%
Smart Book Activities	10 Assignments	20%
Connect Quizzes	10 Assignments	30%
Total		100%

Disability accommodations

If you have a documented disability for which you are requesting accommodations please email the instructor during the first week of class.

Academic misconduct statement:

All students must practice academic honesty. Academic misconduct is subject to an academic penalty by the course instructor and/or a disciplinary sanction by the University. The University of Montana Student Conduct Code specifies definitions and adjudication processes for academic misconduct and states, “Students at the University of Montana are expected to practice academic honesty at all times.” (Section V.A., available at <http://www.umt.edu/student-affairs/dean-of-students/default.php>). All students need to be familiar with the Student Conduct Code. It is the student’s responsibility to be familiar the Student Conduct Code.

- Reference to the COB Code of Professional Conduct at: <http://www.business.umt.edu/ethics/professional-conduct-code.php>

Please note: The summer course schedule for all chapters and deadlines is posted in Moodle.