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BFIN 439.01: Financial Management II - Analysis & Problems

Tony Crawford

University of Montana, Missoula, tony.crawford@umontana.edu

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**BFIN 439: FINANCIAL MANAGEMENT II
FALL SEMESTER 2022**

Instructor: Tony Crawford, PhD

Office Phone: 406.243.2557

Office: GBB 374

E-Mail: tony.crawford@umontana.edu

Class Location and Time: Section 01: MW 12:30 – 1:50pm GBB 123

Office Hours: Monday 2:00 - 3:00 PM (tentatively)
Wednesday 12:00 – 1:00 PM (tentatively)

And by appointment

General Information:

This is an advanced course in finance; therefore, much of the responsibility for a successful course lies with you. You are expected to be prepared to contribute to the class every period, and thereby realize the greatest benefit from the course.

- **Course Number:** BFIN 439 Fin Mgmt II: Analysis/Problems **(3 Credits)**
- **Section:** 01
- **Pre-requisites:**
 - Junior standing in COB.
 - BFIN 322 (Grade: C or better)

Course Materials:

Text:

(Read Carefully!) We are using Ross et.al. Corporate Finance, 13th Edition, McGraw Hill © 2022 | Published with Connect.

The materials are part of an all-inclusive access arrangement with the UM Bookstore. You will have immediate access to the e-book and homework page through Moodle. The charge for the materials will show up as part of your tuition bill and is the cheapest access to materials we could negotiate.

If you need a hard copy of the text, you may be able to purchase a loose leaf from the Connect page for the course.

The University requires an **opt-out option** for students. This option will allow you to opt-out and receive a refund from the registrar's office – if complete in the first two weeks. **Do Not** opt out **unless** you wish to pay much more for the materials in this class.

Technology:

Lap Top Computer with Access to the Office Suite: We have implemented a [laptop requirement](#) in all 300, and 400 level Business classes. It is important that you bring your "charged" computer to class as we will be using Excel frequently.

Calculator: There may be testing or quiz activities for which you may want to use a financial calculator for quicker problem solving. The recommended calculator is an

Business Press: Wall Street Journal, Business Week, and/or Barron's (**Recommended**)

Use the online order form at www.wsj.com/studentoffer to purchase a subscription. Must have a credit card to complete this purchase online. Students are also required to verify their student enrollment before proceeding to the order page, by submitting their legal name as it appears on college transcripts and birth date.

Professors are provided a list of their WSJ student subscribers. To be on that list, make sure to follow these instructions when activating your bookstore packet or online subscription:

Under School Information use the following:
First 3 digits of the school zip code – 598
School Name – click on UNIVERSITY OF MONTANA
Referring Professor – click on CRAWFORD, TONY

Upon activation you will have immediate access to WSJ.com. Your print paper will begin in 3-5 days after you complete the activation and will be delivered to the address you list on the activation form.

Diversity Equity and Inclusion Message:

Consistent with the UM Diversity, Equity, and Inclusion Plan, I strive to include the representation of different identities, characteristics, experiences and perspectives of all students. I aim to offer everyone what they need to succeed by increasing access, resources, and opportunities for all, especially for those who are systematically underrepresented and have been historically disadvantaged. I desire to create a welcoming learning environment in which differences are celebrated and everyone is valued, respected, and able to reach their full potential.

Mission Statement 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

Learning Goals: As part of our assessment process and assurance-of-learning standards, the COB has adopted the following learning goals for our undergraduate students:

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**.

Course Objective and Learning Goals:

This course expands on the financial management tools introduced in BFIN 322. The course examines both financial management theory and application financial tools in corporate financial management decisions. The course expands on the time value of money tools introduced in BFIN 322, and applies them to strategic

finance decisions. The course has a heavy emphasis on corporate valuation and the impact of strategic financial decision on corporate valuation. The course covers cash flow analysis, financial planning, capital budgeting, capital structure decisions, corporate distribution policies, and the decision to raise funding.

The course will lean heavily on spreadsheet modeling. A flipped course design means that much of class time will be spent working in small groups designing models to analyze problems.

In Finance we concentrate a great deal on the quantitative analysis surrounding business decisions; however, the true value of finance comes from how you use this analysis. Readings and modeling emphasize financial theory and problem solving, but even more important is the interpretation, conclusions and recommendations that come from your analysis. By becoming more proficient in analyzing data you will be able to spend more time developing conclusions and recommendations.

Course Learning Goals

After this course students should be able to:

- ✓ Create pro forma financial statements, analyze pro forma cash flows, and estimate a firm's additional financing needs.
- ✓ Estimate a firm's weighted average cost of capital, and use it to evaluate a firm's capital budgeting decisions.
- ✓ Describe and contrast six ways of making capital budgeting decisions. Apply to a case study.
- ✓ Explain the major theories of capital structure and analyze the appropriateness of a firm's capital structure choices.
- ✓ Describe a firm's distribution policy and analyze its appropriateness.
- ✓ Perform valuations on companies using free cash flow valuation models, adjusted present value models, free cash flow to equity models, and basic multiples valuation models.
- ✓ apply basic valuation tools in evaluating a simple merger opportunity, and will be able to assess the potential impact an acquisition would have on firm value.

Course Grading Policies

Students' mastery of the course material is assessed through homework, participation, and exams. This course must be taken for a letter grade. All grades are updated in Moodle on a periodic basis. Final course grades are non-negotiable, regardless of secondary consequences.

Pre-Class Smart Book Exercises (drop 1)	12	10%
Chapter Homework (Connect) drop lowest	12	15%
Class Participation and class projects (memos)		25%
Exams	3	50%
Total		100%

Final Letter Grade Requirements

Highest	Lowest	Grade
100.00%	93.00%	A
92.99%	90.00%	A-
89.99%	87.00%	B+
86.99%	83.00%	B
82.99%	80.00%	B-
79.99%	77.00%	C+
76.99%	73.00%	C
72.99%	70.00%	C-
69.99%	67.00%	D+
66.99%	63.00%	D
62.99%	60.00%	D-
59.99%	0.00%	F

Exams

In the past, exam format consisted of approximately 25-30 multiple choice questions – I will communicate in class if it changes. Exam questions will come from homework, class discussions and projects. Exams will be distributed either through Moodle or Connect (most likely in class – stay tuned). You should be able to complete all assigned homework, and understand in-class examples for exams.

General (Practice) Homework:

You should be able to answer all the end-of chapter questions and problems (unless otherwise instructed). These are questions and problems that I think you should be able to complete for test purposes.

Cases (If used):

Cases will be group assignments – team members will be assigned and will likely change from assignment to assignment. Some of the case analysis will be done in class. For each case, you will submit a memo-form write-up responding to specific questions that I provide.

One of the most important skills you can gain is the ability to write accurate and well-organized reports or responses. In business, sloppiness is not tolerated. **I will deduct up to 25% for disorganized and sloppy responses.** A grading rubric provided on Moodle and in class for Case write-ups.

Rules for Submitting Cases:

- The original copy of your memo is due before class in Moodle. Late papers, if accepted, will be penalized a minimum of 20%. Any cases not submitted will receive a zero grade. Since we will be discussing the cases in class you may want an additional copy to reference during class.
 - **Anything not submitted as described above and without previous instructor approval will be penalized a minimum of 20%**
- I will provide a template and an organizational format that you must follow. Details provided in class and on Moodle. I will also provide a grading rubric.
- Again, responses should be well organized. A memo format may prove helpful. **Always list the question answered followed by your response.**

- If you are including tables or other spreadsheet output in your response copy and paste the information in the body of your write-up. **DO NOT** simply **paste a spreadsheet** after or before your write-up. Spreadsheets contain more information than is necessary for outside readers. Choose the relevant information and present it logically and concisely in a abbreviated table.
- Also, **DO NOT** simply reference pages of output at the end of your write-up. You may attach your output to the end of your write up if you want me to have the information for partial credit when your analysis is inaccurate, **but I will not search** through your spreadsheets for answers or numbers
- **Case Grading:** See Rubric on Moodle

Connect Homework:

(Individual Assignment) There will be homework problems posted on Connect. Chapter homework will be due shortly after coverage in class. Assignments will primarily be problems but may include conceptual questions, work-out problems and short spreadsheet exercises. (see schedule). Pay attention to due dates - There will be no make-ups!

Participation, Attendance and Lectures:

There will be minimal lecture in class. We will predominantly work in problems in assigned groups. In class problems will be released on Moodle at class time. Come prepared to engage with your group and the class. We will also have discussions of current events, and groups may be asked to lead these discussions.

As mentioned above much of the responsibility for a successful class depends on you. I expect students to be actively involved in the class by asking questions, and answering questions. I will from time to time randomly call on students to answer questions from cases, readings etc. (Be prepared!!!)

I will take attendance Participation clearly requires attendance, but attendance is not sufficient to earn a good participation grade.

Allowable absences:

- Instructors may excuse brief and occasional absences for reasons of illness, injury, family emergency, religious observance, cultural or ceremonial events, or participation in a University sponsored activity. (University sponsored activities include for example, field trips, ASUM service, music or drama performances, and intercollegiate athletics.) Instructors shall excuse absences for reasons of military service or mandatory public service. **When possible – notification will be made before an absence.**
- Cultural or ceremonial leave allows excused absences for cultural, religious, and ceremonial purposes to meet the student s customs and traditions or to participate in related activities. To receive an authorized absence for a cultural, religious or ceremonial event the student or their advisor (proxy) must submit a formal written request to the instructor.

Moodle:

I will maintain a Moodle site for course materials and grades.

Curves:

I do not write exams with the intent of curving. I believe that exams are straight forward representations of the material covered. However, I am a realist and from time to time I will need to curve scores. My belief is that curves should be used when I write an exam that is too hard. Curves are not used to lift your grades when you do not adequately prepare. When I do use a curve I will follow the following rule(s):

1. If I do offer a curve on an exam it will not be automatic! If you score below 65% on an exam (before the curve) you must see me in office hours or by appointment so that we can discuss why you struggled on an exam, and what you can do to improve your next score. You will not receive a curve until you meet this requirement. Furthermore, this must be done before the subsequent exam. Failure to meet this criterion will result in lose of curve for you.
2. **Students who have more than 4 unexcused absences or missing assignments, will not receive any curve for the course**

Fine Print

Academic integrity

Integrity and honesty are hallmarks of the accounting profession. It is your duty to abide by the University's academic policies, and it is the instructor's duty to enforce those policies. Cheating of any sort will not be tolerated. Cheating, failure to follow instructions, and/or failure to follow course policies may result in a reduced grade or a failing grade at the instructor's option.

A message about academic integrity, from the Provost's office:

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. All students need to be familiar with the Student Conduct Code. The Code is available for review online at: <http://www.umt.edu/student-conduct-code>

Calculator policy

The faculty of the Department of Accounting and Finance has approved two calculators for use in all accounting and finance courses. The specific models are the **Texas Instruments BA II+** and the **Hewlett-Packard 10BII**. Only these two calculators will be allowed face-to-face exams.

Professional Courtesy

While we often stress the importance of multi-tasking in the work place, in the classroom it's best to have your full attention focused on the task at hand. Cell phones are to be turned off when entering the classroom. No texting during class. If I see your cell phone out, I will ask you to leave class and you will be marked absent for that day.

If you leave the class, please do not come back during the class and finally arrive on time and be prepared for class. Arriving late or departing early is disrespectful to your instructors and your classmates.

Email

Faculty may only communicate with students regarding academic issues via official UM email accounts. Email from non-UM accounts may be flagged as spam and deleted without further response. Due to security issues, confidential information (including grades and course performance) will not be discussed via email.

Check your university e-mail frequently.

Grievance policy

Although conflicts between students and professors are rare, they do occasionally occur. Please be aware that the standard operating procedure for dealing with such conflicts within the College of Business Administration is as follows:

1. Try to resolve the conflict with the instructor.
2. If you feel that the conflict cannot be resolved between yourself and the instructor, contact the department head.
3. If, after speaking with the department chair and the instructor, you still feel that the conflict has not been resolved, contact the dean or Associate Dean of the College of Business Administration.

Incomplete policy

University policies regarding incompletes will be followed. In particular, the policy on incompletes is as follows:

The incomplete is not an option to be exercised at the discretion of students. In all cases it is given at the discretion of the instructor within the following guidelines . . . A mark of incomplete may be assigned students when:

1. They have been in attendance and doing passing work up to three weeks before the end of the semester, and
2. For reasons beyond their control and which are acceptable to the instructor, they have been unable to complete the requirements of the course on time. Negligence and indifference are not acceptable reasons.

Drop date

September 7th, 2021 (5PM) – Last day to add class without instructor approval.

September 19th (5PM)–

- Last day for students to add a class with instructor approved electronic override on CyberBear.
- Also, last day to drop on CyberBear with refund.

November, 1st (5PM)– last day to drop the course without a petition. A 'W' will appear on the transcript for dropped classes. No refunds.

After November 1st drops require a petition; here is the UM catalog language: "Documented justification is required for dropping courses by petition. Some examples of documented circumstances that may merit approval are: accident or illness, family emergency, or other circumstances beyond the student's control." A 'WP' or 'WF' will appear on the transcript for dropped classes. No refunds.

Office of Disability Equity

I am more than happy to accommodate documented Office of Disability Equity (formally DSS) requests for extra time or special accommodations on exams. Typically, these accommodations are achieved by scheduling a test time with DSS. If you are requesting consideration for accommodations, I must receive requests for DSS accommodations for exams **within two weeks of the start of class!** Exam scheduling must be completed **one week in advance of exam dates (see calendar).**

Classroom Philosophy:

My Role: My role will be to act as a facilitator. I will provide opportunity, structure and direction to facilitate your learning of fundamental concepts centered on the concepts of financial management

Your Role: Your role is to engage in active learning. You will learn and apply important financial concepts while you gain experience. Your success in this class, as in life, will depend on both your effort and performance.

Miscellaneous: Students frequently regard this course and finance courses in general as some of the most difficult ones in the business curriculum. There are several tips that I can offer to not only help you pass this course but to learn something along the way. *First, come to class---* there is a very strong relationship between attendance and grades. *Second,* read the chapters and prepare answers to the assigned problems *before* coming to class. *Third,* it is impossible to make sure every individual understands each concept. If you are struggling with a concept, please come see me outside of class. Please, *do not wait* to see me until just before, or worse, just after an exam. At this point it is too late to do much if any good. Finally, there are no dumb questions, so feel free to ask for clarification. I maintain an open-door policy and am willing to meet with you nearly anytime that I do not already have a commitment.

Final Note:

All dates in this syllabus are tentative and subject to change. Any changes will be announced in class. I also reserve the right to alter coverage, assignment weights, exam weights etc., if I feel they are necessary for the course (although I have no expectations of this at this time). Any changes will be announced in class.

Tentative Schedule posted separately on Moodle