

MASTER SYLLABUS
School Of Business Administration, Sonoma State University
BUS 570 Seminar In Managerial Finance (3)

I. **Catalog Description:** Financial theory and applied financial analysis. Topics may include security analysis, portfolio management, financial accounting, corporate financial policy, investment, and international finance.

II. **Prerequisites:**

Courses: ECON 501, BUS 501, BUS 508 or equivalent preparation.

Justification: The pre-requisite courses are designed as refresher courses for working executives who wish to enter our evening MBA program. It is not anticipated that students with a recent degree in Finance will need them. It is assumed that the student is familiar with the fundamental concepts and theories in finance and financial accounting and the course builds on this foundation. The course is quantitative in nature because it uses numerical examples to demonstrate complex concepts. Portfolio optimization in mean-variance space and option pricing methods require the use of statistics

III. **Course Learning Outcomes:**

At the end of the course students should be able to:

- A. Use financial statement analysis to gain insight into firm performance and trends.
- B. Use NPV and IRR analysis to compute the optimal capital budget given a slate of risky projects.
- C. Describe the firm as a portfolio of projects and carry out firm valuation given forecasts.
- D. Understand the nature and mathematical models of variance risk and covariance risk in finance and be able to use these models in valuation.
- E. Appreciate the incomplete nature of financial theories with regard to optimization of dividend policy and capital structure and the role of agency theory in this regard.
- F. Given sales projections and target financial ratios, be able to forecast future capital needs and build proforma financial statements.
- G. Understand the discounted cash flow technique and use the method to carry out the valuation of a wide variety of financial securities including stocks and bonds.
- H. Use beta to assess the systematic risk of stock portfolios and design hedge portfolios with money market instruments, futures, and options to control for beta risk.
- I. Understand portfolio theory and be able to carry out portfolio optimization to minimize covariance risk.
- J. Describe the nature and mechanism of financial markets and institutions.
- K. Compare portfolio performance using various CAPM measures.
- L. Describe the efficient market hypothesis and its implications for financial decision making.
- M. Be able to optimize working capital management of the firm given the constraints.
- N. Appreciate the additional considerations in financial decisions when cross border transactions and financing are used.

- IV. **Course Materials:** A textbook is normally required. Related articles in periodicals are also assigned. A financial calculator is necessary and a laptop computer is strongly recommended.
- V. **Teaching Methods:** Lectures are used to present new information. A round-table seminar consisting of student presentations and structured discussion is used to review and critically analyze the information presented. Assignment of related periodical articles is also used.
- VI. **Evaluation Tools:** Evaluation of student performance will be conducted by means of homework assignment, short quizzes, term projects, and exams. Approximate grade percentage ranges are:

homework	10% - 20%
quizzes	10% - 20%
projects	5% - 20%
exams	40% - 70%

VII. **Course Content:**

A. Course Topics:

1. Financial statement analysis
2. Financial planning
3. Risk and return
4. Portfolio theory and the CAPM
5. Stock and bond valuation and the cost of capital
6. Capital budgeting and the value of the firm
7. The efficient market hypothesis
8. Agency theory
9. The no arbitrage principle
10. Capital structure
11. Dividend policy
12. Money markets, capital markets, microstructure, and regulation
13. International financial management
14. Options and futures
15. Working capital management

B. **Interdisciplinary Content:**

	Minimum Number of Class Hours Devoted to Topic	Required Graded Work Other Than Exams?
International/Global	4	Yes
Ethical Issues	2	No
Political Issues		
Social Issues	1	No
Legal/Regulatory Issues	3	Yes
Environmental Issues		
Technology Issues	4	Yes
Demographic Diversity		

Footnotes:

International/Global: homework problems involving exchange rates, cross-border cost-of-capital issues, changing global finance system; **Legal/Regulatory Issues:** homework problems involving taxation of income, different types of firm ownership; changes in legal and regulatory framework; **Technology issues:** homework problems involving use of the Internet for data acquisition, structure of the NASDAQ stock market, computer spreadsheet analysis.

C. Interdisciplinary Skills:

	<u>Required</u> Graded Work Other Than Exams?
Oral Communications	Yes
Written Communications	Yes
Critical Thinking	Yes
Working in Teams	Optional