

**Corporate Finance and Financial Management - BUA-4323 (Capstone)
Fall, 2003**

Professor: Sue Singer

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**Required Text: Foundations of Finance, The Logic and Practice of Financial Management,
Fourth Edition, Keown, Martin, Petty and Scott**

Additional References:

Wall Street Journal

Course Outcomes:

Upon completion of this course, a student should be able to:

- Apply accounting concepts and principles to analyze business transactions
- Identify the different forms of business organization
- Evaluate the performance of a business
- Explain why forecasting is vital to business success
- Prepare a cash budget
- Prepare pro forma financial statements
- Find the break-even level of sales for a firm
- Explain operating, financial and combined leverage effects and the resulting risks
- Explain the importance of working capital
- Explain how firms manage their cash inflows and outflows to maximize value
- Describe how and why firms must manage accounts receivable and inventory as investments
- Explain the need and compute the cost of short term financing
- Explain the time value of money
- Calculate the future value and present value of a single amount and of an annuity
- Discuss the concepts of securities valuation
- Compute the market value and expected yield of stocks and bonds
- Estimate the cost of capital for each financing source
- Explain the capital budgeting process
- Describe how the United States financial system works
- Identify the different financial markets
- Describe the characteristics of bonds, preferred stocks and common stocks
- Explain the importance of and identify factors that influence the dividend decision

Evaluation:

Because financial management is a “numbers” subjects, much attention will be placed on completing the assigned problems. **The first exam will cover chapters 1, 2, 3, 4, the second exam will cover chapters 5, 6, 7, 8, the third exam will cover chapters 14, 15, 16, 17 and the fourth exam will cover chapters 9, 10, 11, 12, 13**

The values assigned to each of these factors are as follows:

Exam 1	20%
Exam 2.....	20%
Exam 3	20%
Exam 4.....	20%
Capstone Project.....	20%
Attendance and Participation ...(see department handbook, section 9)	

Capstone Project: Developing a Business Plan

One of the first steps you should take toward starting a new business is to develop a written business plan that explains what you’re going to do. Preparing such a plan will help you decide how to turn your idea into reality. A business plan contains the basic business idea and all related operating, marketing, financial, and managerial considerations. You will be concentrating on the following:

1. A legal plan to determine what entity is best for you business, what are the tax effects of various entities and what are the forms that need to be filed.
2. Report on the state of the local, state, regional, and national economy as it related in general and in specific to your business and industry.
3. The financial analysis will list your capital requirements and startup costs. You will want to include any sources of financing or capital you now have. Your projected sales figures must be supported with evidence and statistics. You will present a detailed cash-flow section, a one-year cash budget, beginning balance sheet and break-even analysis. A final statement on your accounting methods and credit policy will complete this section out.
4. Money is the root of all business and “it takes money to make money.” In order to properly start and run your business, you will need some amount of capital. The amount depends on your needs and goals. Your business plan will contain this information. It is vital to properly capitalize your small business and to develop resources and methods to obtain further capital.

We will discuss each section of the business plan when we begin the chapter on the related topics in class. I will be giving you additional information and handouts at that time.

For now, I want you to think about a general company description and be able to answer the following questions:

1. What is the basic activity of the business?
2. Is the company focusing on service, retail or wholesale?
3. What is the current and projected state of the firm's industry?

Course Policies:

1. The minimum expectation is that the student will complete homework and reading assignment prior to the class session and will be prepared to participate in or lead discussions.

2. Punctual attendance is expected. Your presence in class is **mandatory**. (see handout from department handbook, section 9) If a class is missed it is the your responsibility for obtaining handouts and notes on class discussions.

3. Students are expected to take all examinations and to complete all assignments on the indicated due date. Make-up exams or late assignments may be completed only at the discretion of the instructor.

4. Please familiarize yourself with McDaniel College's **Honor Code** and hand write the following code on all **tests** and place your signature after it.

“I have neither given nor received unauthorized aid on this piece of work, nor have I knowingly tolerated any violation of the Honor Code.”

5. Please read carefully the section on **plagiarism** in the College Honor Code. I expect your projects to be properly cited.

Assignments

Chapter	Problems
1	1, 2, 4, 6, 8
2	
3	1, 5, 7, 8
4	2, 4, 5, 6

