

# **BUSI 7116: Financial Analysis Spring 2020**

<b>Professor:</b>	<b>Dr. Keven Yost</b>	<b>Tuesdays and Thursdays</b>
<b>Office:</b>	<b>319 Lowder Hall</b>	<b>8:00 – 9:15 AM</b>
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<b>Office Hours:</b>	<b>Tuesdays: 8:00 – 9:00 AM, Thursdays: 8:00 – 9:00 AM, or by appointment.</b>	

**Class Web Site:** <http://aub.ie/7110> or <http://aub.ie/7116>  
(This link is also posted on Canvas.)

## **Course Description**

The objective of Financial Analysis is to provide you with an understanding of corporate finance theory and the tools necessary to apply the theory to problem solving and decision making. This course covers a variety of financial concepts, including financial statements, financial statement analysis, forecasting, time value of money, valuation of bonds and stocks, risk and return, cost of capital, capital budgeting, and capital structure.

## **Students with Disabilities**

If you request special accommodations due to a disability, please see me as soon as possible (and at least two weeks before the first exam). However, you should first contact the Office of Accessibility in Haley Center.

## **Diversity**

Diversity at Auburn University encompasses the whole of human experience and includes such human qualities as race, gender, ethnicity, physical ability, nationality, age, religion, sexual orientation, economic status, and veteran status. These and other socially and historically important attributes reflect the complexity of our increasingly diverse student body, local community, and national population. Auburn University recognizes and values the considerable educational benefits emanating from diversity as we prepare our students for life and leadership in a multicultural world. Students who interact with and learn about people from a variety of backgrounds are more apt to understand, appreciate, and excel in the community they inhabit. In this context, diversity is aligned with Auburn University's land grant mission of providing its students with a superior education in service to the needs of Alabama, the nation, and the world. Contact the Office of Diversity at [www.auburn.edu/diversity](http://www.auburn.edu/diversity).

## Course Materials

The following text and cases are required:

- Corporate Finance, 12th edition, Stephen A. Ross, Randolph W. Westerfield, Jeffrey F. Jaffe, and Bradford D. Jordan, McGraw-Hill. \*Note: The title of the book is simply “Corporate Finance” and not “Principles of...” or “Fundamentals of...”

*\* Although we will not cover all of the chapters in this book, it is the same textbook that is used in FINC 7650/7656: Applied Financial Management. If you expect to take that course, you should hold onto this textbook.*

- The purchase of three cases, which should cost approximately \$12.00. Details will be provided in class and on the course web page.

In addition to the textbook:

- You are expected to have access to a financial calculator for this course. A regular or scientific calculator will not be sufficient. I recommend either the Hewlett-Packard HP 10bII+ or the Texas Instruments BAII Plus. You may use your calculator on exams. However, you are not allowed to share calculators during a given exam, nor will I provide you with one if you forget yours. Your calculator should be able to calculate yield to maturity and internal rate of return.
- There is a course web site with announcements, class notes, and information on exams. The web site will have an up-to-date course outline with abbreviated lecture notes (for which you will need Adobe Acrobat Reader to print). **YOU ARE EXPECTED TO BRING A PRINTOUT OF THE NOTES WITH YOU TO CLASS.** However, the lecture notes that are provided are NOT complete. They are not a substitute for attending class, but are simply to allow you to pay more attention to understanding the material and less time writing formulas, definitions, problems, etc. Announcements will also be posted on the web site, so you are expected to check it regularly. If you have trouble with the web site, let me know right away. \*A course packet with all the notes is highly recommended, but optional, and available at the Haley Center bookstore (only at this location) or printed from the course web page. However, it is still necessary to check the web site for announcements and scheduling.
- You are expected to have access to the Wall Street Journal. The Wall Street Journal is one of the most widely used sources of financial information among financial managers, investors, and other business people. Therefore, a subscription to the WSJ is vital to relate and apply the knowledge you will acquire in class to real world financial practice. A subscription to the Wall Street Journal is highly recommended.
- **PLEASE MAKE SURE ALL CELL PHONES ARE TURNED OFF BEFORE EACH LECTURE AND EXAM!!!**

## Grading

Your grade will be based on your performance on two midterm exams and a comprehensive final exam. The weights are as follows:

Exam #1 (Thursday, September 19 <sup>th</sup> , 7:15 – 9:15 AM, GBB 3017):	30%
<i>Online students: Thursday, February 6<sup>th</sup> – Monday, February 10<sup>th</sup></i>	
Exam #2 (Thursday, October 31 <sup>st</sup> , 7:15 – 9:15 AM, GBB 3017):	30%
<i>Online students: Thursday, March 19<sup>th</sup> – Monday, March 23<sup>rd</sup></i>	
Final Exam (Wednesday, December 11 <sup>th</sup> , 8:00 – 10:30 AM, GBB 3017):	<u>40%</u>
<i>Online students: Thursday, April 16<sup>th</sup> – Monday, April 20<sup>th</sup></i>	
	100%

Grades will be assigned according to the following scale:

A	≥ 90%
B	≥ 80% but < 90%
C	≥ 70 but < 80%
D	≥ 60 but < 70%
F	< 60%

The exam dates and times are listed above. In-class students are expected to take the exams on those dates and at those times. Distance students are expected to take the exams as indicated once the exams are distributed to your proctors. Should you encounter difficulty that precludes taking the exam by the deadline, you must contact me prior to that deadline and discuss possible arrangements.

If you miss an exam due to illness, you should contact me AS SOON AS you know you will miss the exam and are able to do so. Documentation will need to be provided and must state that you are unable to attend work/school on the day of the exam. Whether you contact me or not, the make-up will be the next business day at 7:30 AM. If you are still ill and HAVE DOCUMENTATION stating that you are unable to attend work/school on the day of the make-up, the next make-up will be the following business day at 7:30 AM. You must have a medical excuse for the date of the exam and the date of every make-up you miss. **The make-up exam may not be the same format as that given during the regular exam time.**

All exams are closed-book. They are to be completed individually. This means no talking, sharing calculators or pens/pencils, etc., and no wandering eyes. If you need help, see Dr. Yost. You have been warned – do not cheat! The Academic Honesty Code is found in the Student Policy eHandbook.

The material is difficult for some, and the course builds on itself. Although the two midterm exams are not explicitly cumulative, material in the first part of the course will be essential for the latter parts of the course. The final exam will be cumulative. Therefore, you are highly advised to keep up with the material. I will suggest relevant problems from the book at the end of every lecture. Your job is to work on your own or with others each week so you are comfortable with the material. Waiting until the week before the exam may prove very painful. If you are having trouble, get help early!

## Tentative Course Outline

We will be covering a significant amount of material during the semester. Keep up with it! This course outline is a general framework within which we will work. A more detailed course outline, with lecture notes, is available on the course web site.

<u>Topic</u>	<u>Text</u>
Financial Statements and Cash Flow	Chapters 1, 2, and 3
The Time Value of Money	Chapter 4
Bonds and Stocks	Chapters 8 and 9
Risk, Return, and the Cost of Capital	Chapters 10, 11, and 13
Investment Criteria and Capital Budgeting	Chapters 5, 6, and 7
Leasing and Capital Structure	Chapters 21, 16, and 17

## Student Responsibilities

- Final grades are final. If you need to earn a certain grade, the time to work for that or talk to Dr. Yost about that is before (preferably long before) the final exam.
- You are expected to act professionally in your interactions and communications with the professor and fellow students. You are expected to be in class or stay current in watching the lectures. Be sure to practice good time management and devote appropriate time and effort to this course.
- For distance students, exams should be taken by the date indicated once the exams are distributed to your proctor. Should you encounter difficulty that precludes taking the exam by the deadline, you must contact me prior to that deadline and discuss possible arrangements.

## MBA Attendance Policy

Recognizing the professional environment of the MBA Program and the fact that the learning process includes student participation in the classroom, the class attendance policy below is implemented in all core MBA courses. In addition, students are directed to their course syllabi for any professor's deviation from this policy and for all other class policies.

**Students are expected to attend every class, on time, and prepared.** If a student misses **more than three** classes for any reason (excused or unexcused), the student will be penalized one letter grade on his/her final course grade. If a student misses **more than six** classes for any reason (excused or unexcused), he/she will be penalized an additional letter grade on his/her final course grade.

The faculty member reserves the right to take into account extenuating circumstances. However, students must be aware that job interviews, etc. that get scheduled at the end of the semester do not constitute extenuating circumstances.

Attendance may be checked at any point during the class and in any number of ways, including sign-in sheets, clickers, or using classroom video technology. It is a violation of the student honor code to register anyone other than yourself as present.