

# FORDHAM UNIVERSITY

## GSB-FINANCE

Spring 2021

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Course: FNBU 3221 – FINANCIAL MANAGEMENT  
*Mondays & Thursdays*

Start Week: 02/1/2020

End Week: 05/22/2020

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Instructor: Chris Droussiotis

Office hours: by appointment – Mondays (11.15am – 12.15pm)

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### Course Outline:

This course is designed to provide practitioners and those seeking careers in finance with a rigorous combination of theory and practice as we explore the fundamental principles of finance. Students currently employed in this dynamic and evolving field will have the opportunity to become familiar with many of the core principles and concepts commonly applied in their field daily. From a practical perspective, Introduction to Finance is meant to reinforce work-related practices, such as analyzing financial statements, the application of time value of money concepts, asset valuation on a discounted cash flow (DCF) basis, cost benefit analysis (CBA), and the quantification of the multifaceted relationship between risk and return in financial markets.

Through this course, students wishing to enter diverse areas of finance, such as asset management, credit analysis, financial and investment analysis, portfolio management, and risk management, will have the opportunity to acquire and develop critical work-related skills. These include evaluating corporate performance based on a thorough analysis of financial statements, estimating the present and future values of a wide range of cash flows, and using these concepts as the basis for asset valuation, applying commonly used cost-benefit analysis methods to evaluate investment decisions, and estimating the risk and return of individual securities and diversified portfolios.

The topics covered in this course provide students with the necessary background and preparation to take more advanced courses in finance.

### Optional Textbooks:

Ross, Westerfield, and Jordan. (2012) Fundamentals of Corporate Finance, 12th Edition. McGraw-Hill Irwin. ISBN 978-1-259-91895-7

C. Droussiotis (2019). **An Analytical Approach to Investments, Finance and Credit**, First Edition  
Cognella Publishing ISBN: 978-1-5165-4911-5

### **Supplemental Readings**

The professor will post supplementary articles, business cases, and Powerpoint Lecture Notes on his website at [www.ProfessorDrou.com](http://www.ProfessorDrou.com) .

### **Recommended Textbooks**

The following two texts are highly recommended but not required for the course:

Fabozzi, F., & Modigliani, F. (2009). **Capital Markets: Institutions and Instruments**, 4th Edition.  
Pearson/Prentice Hall. ISBN: 10 0136026028.

Brigham, E. F., & Houston, J. F. (2010). **Fundamentals of Financial Management**, 12th Edition.  
Thompson/Southwestern. ISBN: 10 0-324-59770-3

### **Financial Calculators**

Given the scope and nature of Introduction to Finance, students are strongly recommended to obtain a financial calculator, such as: HP-10BII or Texas Instruments (TI) BAII.

Chapters 4 and 6 in your textbook include an appendix that shows how to use both of these financial calculators to perform present value and future value calculations and to solve for the rate of return.

### **Excel**

In addition, students are encouraged to use Excel to perform the analytical calculations discussed in the course. Most of the lectures will include spreadsheet analysis.

### **Materials to be provided by the Instructor:**

Various additional handouts, articles of interest, case studies, lecture notes and spreadsheets can be found at the instructor's web page at [www.ProfessorDrou.com](http://www.ProfessorDrou.com).

### **Program Specific Learning Objectives (LO)**

Upon successful completion of this course, the student will be able to:

1. Estimate the risk-return tradeoff for diversified investment portfolios by applying the fundamental principles of portfolio theory.
2. Apply the principal time value of money (TVM) concepts used in financial analysis and valuation.

3. Understand Bond trading and invoice prices, accrued and cash interest rates, current yields, yield to maturity (YTM), yield to call (YTC) and yield to worse (YTW).
4. Apply bond portfolio management concepts including market value, duration and convexity and understand the risk sensitivities to yield curves and interest rate movements.
5. Determine the value of equity securities by using the seven (7) methods including Dividend Discount Model (DDM), Intrinsic Value using CAPM, Trading and Acquisition Comparable methods, Discounted Cash Flow method (DCF), Leveraged Buyout Method (LBO) and Venture Capital Target Return (VC) methods for both publicly traded and privately held companies.
6. Apply the Net Present Value (NPV) method and alternative decision rules such as the Internal Rate of Return (IRR) and the Payback Method to evaluate investment projects
7. Classify the core components of the three (3) principal financial statements: the balance sheet, the income statement, and the statement of cash flows and identify commonly-used financial ratios to measure a firm's financial performance.

**Grading:**

Midterm Exam I & II	25%
Final Exam	35%
Homework	15%
Final Project	15%
Class Attendance/Participation	10%
 Total	 100%

**Course Requirements (Assignments)**

**Graded Homework Problems (15%):**

Graded Homework Problems give you an opportunity to demonstrate your mastery of the topics covered in the course and solidify your knowledge of finance theory through the practical application of the concepts, models, and theories, discussed in class. Students are required to submit a set of Graded Homework Problems. The student can access homework from Cognella's ACTIVE LEARNING platform.

**Individual Project (15%):**

Each student will be assigned a publicly traded company. See Appendix for Project description.

**Midterm Exam (25%):**

The Midterm Exam will be based on the Instructors class notes (PowerPoint presentations) and excel spreadsheets provided on Blackboard. To prepare for the exam is recommended reading using the excel based practice problems with the explanation found on the CD textbook - chapters

15-17 which includes Financial Analysis, Projections and Valuation Analysis. Excel templates can be found on my website [www.ProfessorDrou.com](http://www.ProfessorDrou.com)).

**Final Exam (35%):**

The Final Exam will include some of the concepts from the midterm including Equity Valuation and Return. Most of the exam though will focus on chapters 5-9. The students need to study spreadsheets analysis covered in class including the Alexandria Hotel projections and DCF analysis, Hyatt stock valuation, LBO and Capital Markets financial model, and Return and bond analytics spreadsheet. The exam will be taken during the Exam Period. Supporting documents (excel templates) can be found at [www.ProfessorDrou.com](http://www.ProfessorDrou.com)).

The students need to study the various spreadsheet analysis covered in class including the Celerity Technology Company case study; the Alexandria Hotel WACC analysis and Hyatt Corporation enterprise valuation methods. The exam will be closed books and notes taken in class

**Grading Scale:**

A	93 - 100	C+	77 - 79
A-	90 - 92	C	73 - 76
B+	87 - 89	C-	70 - 72
B	83 - 86	D	60 – 69
B-	80 - 82	F	Below 60

**ACADEMIC INTEGRITY POLICY**

Students enrolled at Fordham University are expected to maintain the highest standards of academic honesty. Students have the responsibility to each other to make known the existence of academic dishonesty to their course instructor, and then, if necessary, the department chairperson/school director or the academic dean of their college. Course instructors have the added responsibility to state in advance in their syllabi any special policies and procedures concerning examinations and other academic exercises specific to their courses. Students should request this information if not distributed by the instructor. Academic dishonesty includes, but is not necessarily limited to, the following:

- **Cheating** – Giving or receiving unauthorized assistance in any academic exercise or examination. Using or attempting to use any unauthorized materials, information or study aids in an examination or academic exercise.
- **Plagiarism** – Representing the ideas or language of others as one’s own
- **Falsification** – Falsifying or inventing any information, data or citation in an academic exercise.
- **Multiple Submissions** – Submitting substantial portions of any academic exercise more than once for credit without the prior authorization and approval of the current instructor.
- **Complicity** – Facilitating any of the above actions or performing work that another student then presents as his or her assignment.

- **Interference** – Interfering with the ability of a student to perform his or her assignments.

**Sanctions:** Any student found guilty of academic dishonesty will, for the first offense, receive one or a combination of the following penalties:

1. No credit (0) or F (failure) for the academic exercise.
2. Reduced grade for the course.
3. An F (failure) in the course that is identified on the student's permanent record card as permanent and cannot be removed.
4. Recommendation for academic probation to the dean's office. In cases of interference and complicity, when the student is not registered in the affected course, the incident may be recorded on the student's permanent record. In any case, the incident and penalty will be recorded in the student's file maintained in the campus Office of Enrollment Services.

For a second offense of academic dishonesty, a student will be subject to any combination of the above sanctions and, with concurrence of the academic dean, one of the following:

1. Suspension from the University for one year. Readmission will be contingent upon the approval of the academic dean.
2. Dismissal from the University.

Course Schedule and Course Calendar can be found at [www.professordrou.com](http://www.professordrou.com)