

| |
|---|
| <p style="text-align: center;">The University of Texas at Dallas Financial Modeling · FIN 6352-001 Course Syllabus</p> |
|---|

Course Information

FIN 6352-001 Financial Modeling
Term: Spring 2011
Meeting times: Wednesday 4:00 pm – 6:45 pm
Classroom: School of Management – Room 2.801

Instructor Contact Information

David Dial, MPA, ME, CPA
E-Mail: dhdial@utdallas.edu
Phone: 469-828-0325
Office: SOM 3.228
Office Hours: By appointment

Note: Students are encouraged to send their queries and comments related to the course by e-mail to the above address using their UTD e-mail accounts. Students can also send e-mail messages to their instructor as well as to other students in the class using the e-mail facility in eLearning. Since the above telephone number is not a campus office, please limit your telephone calls to emergencies only.

Course Pre-requisites

Quantitative Methods in Finance – FIN 6306

Course Description

This course is focused on corporate financial modeling and is designed for students planning careers in areas such as corporate finance, private equity, venture capital, and mergers and acquisitions. The primary focus of the course is to relate the theory of finance to practical and usable spreadsheet models that will assist a financial manager with a firm's investment and financing decisions. Students will be introduced to both simulation and optimization models as well as various forecasting techniques.

Course Learning Objectives

1. Students will develop a variety of financial models in Excel,
2. Students will develop a practical understanding of the financial theory underlying financial models.
3. Students will use financial models and theory to address a variety of financial planning problems.
4. Students will communicate their findings from financial models clearly and concisely.

Required Textbook

Introduction to Financial Models for Management and Planning
Authored by James R. Morris and John P. Daley
Published by CRC Press

Required Laptop Computer

Each student must bring a laptop computer to class to be used for the computer lab sessions. Your laptop computer must be capable of running the Microsoft Windows version of Excel. The @Risk software which we will use in this course is not compatible with the Apple version of Excel.

Additional Resources (Optional)

Excel Reference

Formulas and Functions with Microsoft Office Excel 2007
Authored by Paul McFedries
Published by Que

Accounting Reference

Financial Statement Analysis & Valuation, 2nd Ed.
Authored by Peter D. Easton, Mary Lea McAnally,
Patricia Fairfield, Xiao-Jun Zhang, and Robert F. Halsey
Published by Cambridge Business Publishers

Class Format

The class format will include classroom lectures and discussions of theoretical material as well as computer lab sessions devoted to the development of financial models in Excel. Both the classroom lectures and the computer lab sessions will be conducted in the assigned classroom and not in a separate computer lab.

Class Schedule and Reading Assignments

The following reading assignments are taken from *Introduction to Financial Models for Management and Planning* by James R. Morris and John P. Daley. You should read the indicated chapters before the class meeting and come to class with questions concerning any material from the text which you do not understand.

| Date/Section | Topics | Readings |
|-------------------------|--|---------------|
| January 12 Section 1 | Class Orientation and an Overview of Financial Planning and Modeling | Chapter 1 |
| | ----- Tools for Financial Planning and Modeling: Financial Analysis, Growth and Cash Flows | Chapters 2, 3 |
| Section 2 | Financial Statements and Cash Flow | |
| Section 3 | Financial Statement Simulation | Chapter 4 |

| Date/Section | Topics | Readings |
|---------------------|---|---------------------------------|
| Section 4 | Monte Carlo Simulation | Chapter 5 |
| Section 5 | Time Trend Forecasting | Chapter 6 |
| Section 6 | Econometric Forecasting Multiple Regression Analysis | Chapter 7 |
| Section 7 | Smoothing Data for Forecasting Time-Series Analysis | Chapter 8 Omit Section 8.5 |
| Section 8 | Modeling Value | Chapter 9 |
| Section 9 | Modeling Long-Term Assets | Chapter 10 Omit Section 10.4 |
| Section 10 | Modeling Working Capital Accounts | Chapter 12 |
| Section 11 | Optimization Models for Financial Planning | Chapter 16 |
| May 11 | Final Exam (from 4:00 pm to 6:45 pm) | |

Class Attendance

You are expected to attend all classes and to arrive on time. You are responsible for the material assigned from the text as well as any additional material covered in class. If you are absent from a class, you should contact another student to get a copy of the student's class notes. Class time will be spent discussing important concepts and theory underlying financial planning models. Lab time will be spent examining the logic used to build financial planning models in Excel. Therefore, I will assume that you have read the assigned chapters from the text before class. It is your responsibility to come to class with questions concerning any material which you do not understand. Remember, studies show that grades are highly correlated with attendance.

Classroom Policy

Each student in the class is making a significant investment in time and money to take this course. We must all respect our fellow students by conducting the class in a professional manner. A student entering or leaving the classroom after the class has begun distracts the attention of other students. Cell phones interrupt the instructor's presentation and the students' concentration. Therefore, please arrive at the classroom prior to the scheduled class time and silence your cell phone. Text messaging, MP3 players and similar electronic devices are not permitted during class hours. Laptop computers may be used only for taking class notes and completing class activities as directed by the instructor. Surfing the web and e-mailing are not permitted during class hours.

Assignments

Each student must complete five assigned financial models in Excel and for each assignment write a memorandum that explains your model and the results. Two of the models will be assigned as individual projects to be completed by each student as an individual effort. The three remaining models will be assigned as team projects to be completed by students working in teams as described in the following paragraph. All of the assigned models will provide an opportunity for you to practice applying the concepts learned in this course to real world situations. Your solutions to these models as well as your grade on the final exam will illustrate your understanding of the material covered in this course. You must submit your assignments by the scheduled due dates. A five (5) point penalty will be deducted from an assignment grade for each day that the assignment is late. Assignments over five days late will not be accepted for grading.

Teamwork

For each of the three models assigned to be completed in teams, you must work on the assignments in teams of 3 to 5 persons and hand in the assignments as a team. The cover page for each memorandum must identify the names of the team members who participated in developing the model and preparing the memorandum. Your teams are self-selected, and you can change their composition for each assignment if desired.

What You Turn In

For each assigned model, you (or your team for a team assignment) must submit the Excel file for your model and a 2 to 3 page narrative memorandum that summarizes your solution and explains your model. You should assume that you are writing the memorandum to a high-level executive with limited time. Specifically, the information requested should be presented in a logical, concise manner with supporting material such as summary tables and graphs. The standards for grading are summarized in the following table.

| Grade | Model (60%) | Memorandum (40%) |
|--------------|---|---|
| A | <ul style="list-style-type: none">• Model works, is well-structured and easy to follow | <ul style="list-style-type: none">• Memorandum is well-structured, well-written, and concise• Questions answered correctly• Analysis shows serious thought |
| A- | <ul style="list-style-type: none">• Model works but is poorly structured and/or contains minor errors | <ul style="list-style-type: none">• Memorandum is reasonably well-written and organized• Questions answered correctly• Analysis shows some thought |
| B+ | <ul style="list-style-type: none">• Model almost works, but contains somewhat significant errors | <ul style="list-style-type: none">• Memorandum is poorly organized• Prose rambles• Questions answered correctly• Analysis shows little thought |
| B | <ul style="list-style-type: none">• Model does not work correctly | <ul style="list-style-type: none">• Memorandum is poorly organized• Prose rambles and is difficult to follow• Questions answered incorrectly• Analysis is lacking or incorrect |
| B- | <ul style="list-style-type: none">• Model is incomplete | <ul style="list-style-type: none">• Memorandum is poorly organized• Prose rambles and is difficult to follow• Questions answered incorrectly• Analysis is lacking or incorrect |

Final Exam

There will be a final exam in this course on the date scheduled by the University for our class meeting date and time. This exam will test your knowledge of material covered in the readings, lectures, lab sessions and assignments. You are responsible for taking the final exam on the designate date. Normally, a missed exam cannot be made up. If you have a job-related conflict with the scheduled exam date, you must notify your instructor at least two weeks prior to the exam to schedule an alternate exam date. If you miss the exam, you must contact the instructor immediately. *If the exam is missed, a make-up exam will be offered only if the absence was due to surgery or a death in the immediate family.*

Grading Policy

Your grade in the course will be based on the following items:

| | |
|-----------------------|-----|
| Models (5 @ 15% each) | 75% |
| Final Exam | 25% |

These are the only scores that will be used to determine your grade . No extra work or repeat exams will be given. Your final letter grade will be determined as follows:

| | |
|---|------------|
| A | = 90 – 100 |
| B | = 80 – 89 |
| C | = 70 – 79 |
| F | = Below 70 |

Field Trip Policies

Off-campus Instruction and Course Activities

Off-campus, out-of-state, and foreign instruction and activities are subject to state law and University policies and procedures regarding travel and risk-related activities. Information regarding these rules and regulations may be found at the website address http://www.utdallas.edu/BusinessAffairs/Travel_Risk_Activities.htm. Additional information is available from the office of the school dean.

Student Conduct & Discipline

The University of Texas System and The University of Texas at Dallas have rules and regulations for the orderly and efficient conduct of their business. It is the responsibility of each student and each student organization to be knowledgeable about the rules and regulations which govern student conduct and activities. General information on student conduct and discipline is contained in the UTD publication, *A to Z Guide*, which is provided to all registered students each academic year.

The University of Texas at Dallas administers student discipline within the procedures of recognized and established due process. Procedures are defined and described in the *Rules and Regulations, Board of Regents, The University of Texas System, Part 1, Chapter VI, Section 3*, and in Title V, Rules on Student Services and Activities of the university's *Handbook of Operating Procedures*. Copies of these rules and regulations are available to students in the Office of the Dean of Students, where staff members are available to assist students in interpreting the rules and regulations (SU 1.602, 972/883-6391).

A student at the university neither loses the rights nor escapes the responsibilities of citizenship. He or she is expected to obey federal, state, and local laws as well as the Regents' Rules,

university regulations, and administrative rules. Students are subject to discipline for violating the standards of conduct whether such conduct takes place on or off campus, or whether civil or criminal penalties are also imposed for such conduct.

Academic Integrity

The faculty expects from its students a high level of responsibility and academic honesty. Because the value of an academic degree depends upon the absolute integrity of the work done by the student for that degree, it is imperative that a student demonstrate a high standard of individual honor in his or her scholastic work.

Scholastic dishonesty includes, but is not limited to, statements, acts or omissions related to applications for enrollment or the award of a degree, and/or the submission as one's own work or material that is not one's own. As a general rule, scholastic dishonesty involves one of the following acts: cheating, plagiarism, collusion and/or falsifying academic records. Students suspected of academic dishonesty are subject to disciplinary proceedings.

Plagiarism, especially from the web, from portions of papers for other classes, and from any other source is unacceptable and will be dealt with under the university's policy on plagiarism (see general catalog for details). This course will use the resources of turnitin.com, which searches the web for possible plagiarism and is over 90% effective.

Email Use

The University of Texas at Dallas recognizes the value and efficiency of communication between faculty/staff and students through electronic mail. At the same time, email raises some issues concerning security and the identity of each individual in an email exchange. The university encourages all official student email correspondence be sent only to a student's U.T. Dallas email address and that faculty and staff consider email from students official only if it originates from a UTD student account. This allows the university to maintain a high degree of confidence in the identity of all individual corresponding and the security of the transmitted information. UTD furnishes each student with a free email account that is to be used in all communication with university personnel. The Department of Information Resources at U.T. Dallas provides a method for students to have their U.T. Dallas mail forwarded to other accounts.

Withdrawal from Class

The administration of this institution has set deadlines for withdrawal of any college-level courses. These dates and times are published in that semester's course catalog. Administration procedures must be followed. It is the student's responsibility to handle withdrawal requirements from any class. In other words, I cannot drop or withdraw any student. You must do the proper paperwork to ensure that you will not receive a final grade of "F" in a course if you choose not to attend the class once you are enrolled.

Student Grievance Procedures

Procedures for student grievances are found in Title V, Rules on Student Services and Activities, of the university's *Handbook of Operating Procedures*.

In attempting to resolve any student grievance regarding grades, evaluations, or other fulfillments of academic responsibility, it is the obligation of the student first to make a serious effort to resolve the matter with the instructor, supervisor, administrator, or committee with whom the grievance originates (hereafter called "the respondent"). Individual faculty members retain primary responsibility for assigning grades and evaluations. If the matter cannot be resolved at

that level, the grievance must be submitted in writing to the respondent with a copy to the respondent's School Dean. If the matter is not resolved by the written response provided by the respondent, the student may submit a written appeal to the School Dean. If the grievance is not resolved by the School Dean's decision, the student may make a written appeal to the Dean of Graduate or Undergraduate Education, and the dean will appoint and convene an Academic Appeals Panel. The decision of the Academic Appeals Panel is final. The results of the academic appeals process will be distributed to all involved parties.

Copies of these rules and regulations are available to students in the Office of the Dean of Students, where staff members are available to assist students in interpreting the rules and regulations.

Incomplete Grade Policy

As per university policy, incomplete grades will be granted only for work unavoidably missed at the semester's end and only if 70% of the course work has been completed. An incomplete grade must be resolved within eight (8) weeks from the first day of the subsequent long semester. If the required work to complete the course and to remove the incomplete grade is not submitted by the specified deadline, the incomplete grade is changed automatically to a grade of **F**.

Disability Services

The goal of Disability Services is to provide students with disabilities educational opportunities equal to those of their non-disabled peers. Disability Services is located in room 1.610 in the Student Union. Office hours are Monday and Thursday, 8:30 a.m. to 6:30 p.m.; Tuesday and Wednesday, 8:30 a.m. to 7:30 p.m.; and Friday, 8:30 a.m. to 5:30 p.m.

The contact information for the Office of Disability Services is:
The University of Texas at Dallas, SU 22
PO Box 830688
Richardson, Texas 75083-0688
(972) 883-2098 (voice or TTY)

Essentially, the law requires that colleges and universities make those reasonable adjustments necessary to eliminate discrimination on the basis of disability. For example, it may be necessary to remove classroom prohibitions against tape recorders or animals (in the case of dog guides) for students who are blind. Occasionally an assignment requirement may be substituted (for example, a research paper versus an oral presentation for a student who is hearing impaired). Classes with enrolled students with mobility impairments may have to be rescheduled in accessible facilities. The college or university may need to provide special services such as registration, note-taking, or mobility assistance.

It is the student's responsibility to notify his or her professors of the need for such an accommodation. Disability Services provides students with letters to present to faculty members to verify that the student has a disability and needs accommodations. Individuals requiring special accommodation should contact the professor after class or during office hours.

Religious Holy Days

The University of Texas at Dallas will excuse a student from class or other required activities for the travel to and observance of a religious holy day for a religion whose places of worship are exempt from property tax under Section 11.20, Tax Code, Texas Code Annotated. The student is encouraged to notify the instructor or activity sponsor as soon as possible regarding the absence, preferably in advance of the assignment. The student, so excused, will be allowed to take the exam or complete the assignment within a reasonable time after the absence: a period equal to the

length of the absence, up to a maximum of one week. A student who notifies the instructor and completes any missed exam or assignment may not be penalized for the absence. A student who fails to complete the exam or assignment within the prescribed period may receive a failing grade for that exam or assignment.

If a student or an instructor disagrees about the nature of the absence [i.e., for the purpose of observing a religious holy day] or if there is similar disagreement about whether the student has been given a reasonable time to complete any missed assignments or examinations, either the student or the instructor may request a ruling from the chief executive officer of the institution, or his or her designee. The chief executive officer or designee must take into account the legislative intent of TEC 51.911(b), and the student and instructor will abide by the decision of the chief executive officer or designee.

These descriptions and timelines are subject to change at the discretion of the Professor.