

# FLORIDA ATLANTIC UNIVERSITY™

## Graduate Programs—NEW COURSE PROPOSAL<sup>1</sup>

UGPC APPROVAL \_\_\_\_\_  
 UFS APPROVAL \_\_\_\_\_  
 SCNS SUBMITTAL \_\_\_\_\_  
 CONFIRMED \_\_\_\_\_  
 BANNER POSTED \_\_\_\_\_  
 CATALOG \_\_\_\_\_

DEPARTMENT: FINANCE

COLLEGE: BUSINESS

**RECOMMENDED COURSE IDENTIFICATION:**

PREFIX FIN COURSE NUMBER 6455 LAB CODE (L or C) \_\_\_\_\_

(TO OBTAIN A COURSE NUMBER, CONTACT [MJENNING@FAU.EDU](mailto:MJENNING@FAU.EDU))

COMPLETE COURSE TITLE: FINANCIAL MODELING

**EFFECTIVE DATE**

(first term course will be offered)

SPRING 2015

CREDITS<sup>2</sup>: 2

**TEXTBOOK INFORMATION:**

Principles of Finance with Excel, by Simon Benninga

GRADING (SELECT ONLY ONE GRADING OPTION): REGULAR  SATISFACTORY/UNSATISFACTORY \_\_\_\_\_

**COURSE DESCRIPTION, NO MORE THAN THREE LINES:**

Financial modeling using spreadsheets to conduct financial analysis for managerial decision making. Special attention will be given to models in mergers and acquisitions, leveraged buyouts, venture capital, etc. This is a hands-on course that will use the FAU Trading Room and Bloomberg and other databases.

**PREREQUISITES \*:** SUCCESSFUL COMPLETION OF MARKET RATE MS FINANCE "BOOTCAMP."

**COREQUISITES\*:**

**REGISTRATION CONTROLS (MAJOR, COLLEGE, LEVEL)\*:**

STUDENTS MUST ADMITTED TO THE MS FINANCE MARKET RATE PROGRAM

\* PREREQUISITES, COREQUISITES AND REGISTRATION CONTROLS WILL BE ENFORCED FOR ALL COURSE SECTIONS.

**MINIMUM QUALIFICATIONS NEEDED TO TEACH THIS COURSE: MUST BE A MEMBER OF THE FAU GRADUATE FACULTY**

Faculty contact, email and complete phone number:

Zinat Alam, zalam@fau.edu  
561-297-3254

Please consult and list departments that might be affected by the new course and attach

comments.<sup>3</sup>  
None

**Approved by:**

Department Chair: Ezra

College Curriculum Chair: Wm. McDaniel

College Dean: Ken H. [Signature]

UGPC Chair: [Signature]

Graduate College Dean: [Signature]

UFS President: \_\_\_\_\_

Provost: \_\_\_\_\_

**Date:**

9-22-14

9-24-2014

9-24-2014

10/8/14

10-15-14

1. Syllabus must be attached; see guidelines for requirements:

[www.fau.edu/provost/files/course\\_syllabus.2011.pdf](http://www.fau.edu/provost/files/course_syllabus.2011.pdf)

2. Review Provost Memorandum: Definition of a Credit Hour

[www.fau.edu/provost/files/Definition\\_Credit\\_Hour\\_Memo\\_2012.pdf](http://www.fau.edu/provost/files/Definition_Credit_Hour_Memo_2012.pdf)

3. Consent from affected departments (attach if necessary)

Email this form and syllabus to [UGPC@fau.edu](mailto:UGPC@fau.edu) one week before the University Graduate Programs Committee meeting so that materials may be viewed on the UGPC website prior to the meeting.



Florida Atlantic University  
COLLEGE OF BUSINESS

**FIN6455 – Section - CRN Number**  
**Financial Modelling**  
**Term**  
**Class Location**  
**Class Meeting Time(s)**

**Professor Information**

Name: Finance Department Graduate Staff  
Office Address: TBA  
E-mail address: TBA  
Phone Number: TBA

**Office Hours**

TBA

**Required Text and Materials**

- Simon Benninga (SB), Principles of Finance with Microsoft Excel, 2011, 2<sup>nd</sup> Ed, Oxford University Press, ISBN: 0199755477
- Thomas S. Y. Ho and Sang Bin Lee (Ho & Lee), The Oxford Guide to Financial Modeling, Applications for Capital Markets, Corporate Finance, Risk Management and Financial Institutions, 2004, Oxford University Press, ISBN: 9780195169621.

**Recommended Text and Materials**

- John Walkenbach, Excel 2013 Formulas, 2013, 1<sup>st</sup> Edition, Wiley Publishers, ISBN: 978-1118490440.
- James Kelleher, Equity Valuation for Analysts and Investors, 2010, 1<sup>st</sup> Ed., McGraw-Hill Companies, ISBN: 978-0071639231.
- Joshua Rosenbaum and Joshua Pearl, Investment Banking: Valuation, Leveraged Buyouts and Mergers and Acquisitions, 2009, John Wiley and Sons Inc., ISBN: 201-7486000.
- Breaking Into Wall Street Online Tutorial Videos for Financial Modeling

**Course Description**

Financial modeling using spreadsheets to conduct financial analysis for managerial decision making. Special attention will be given to models in mergers and acquisitions, leveraged buyouts, venture capital, etc. This is a hands-on course that will use the FAU Trading Room and Bloomberg and other databases.

### Course Prerequisites, Credit Hours, and Class Time Commitments

**Prerequisites:** Admission to the Market Rate MSF Program. It is also recommended that the students have a good knowledge of standard Excel functions and functionality, and a solid foundation in key principles of finance before joining this class.

**Credit Hours: 2 credit hours**

### Florida Statute Statement

According to Florida State Statute 6A-10.033, students must spend a minimum of 37.5 hours (25 hours) of **in class** time during a 3-credit (2-credit) course. Additionally, students enrolled in a 3-credit (2-credit) course are expected to spend a minimum of 75 hours (50 hours) of **out-of-class-time** specifically working on course-related activities (i.e., reading assigned pieces, completing homework, preparing for exams and other assessments, reviewing class notes, etc.) and fulfilling any other class activities or duties as required.

### Course Learning Objectives

1. Develop financial models in excel and other programs in order to solve financial problems.
2. Use financial modeling for the basic concepts such as valuation, cost of capital, and project analysis.
3. Develop skills for more advanced and sophisticated models for leveraged buyout (LBO) and accretion/dilution (M&A) modeling.
4. Develop a practical, application-oriented focus on the financial theory underlying such models.
5. Communicate the findings from the models clearly and concisely in order to facilitate manager decision making.

### Supplementary Readings:

#### *Course/web Resources*

- <http://www.cfainstitute.org/learning/products/multimedia/Pages/84107.aspx>  
An excellent series of webcast lectures by Simon Benninga on Financial Modelling topics such as efficient portfolios, Black-Litterman, Monte Carlo in finance, and pricing options with Monte Carlo.
- <http://businessvaluezz.blogspot.com/2010/04/merger-acquisition-excel-templates.html>  
Free Excel templates on various topics such as mergers and LBOs
- <https://www.macabacus.com/>  
Free Mergers and Acquisitions models and LBO models



**Articles**

1. Derman, Emanuel. 2009. Models. *Financial Analysts Journal* 65, 28-33.
2. Graham, John R., Campbell R. Harvey, and Shiva Rajgopal. 2006. Value Destruction and Financial Reporting Decisions. *Financial Analysts Journal* 62, 27-39.

**Databases**

Bloomberg

**Grading**

Letter Grade	Points	Letter Grade	Points
A	92+	C	72+
A-	90+	C-	70+
B+	88+	D+	68+
B	82+	D	62+
B-	80+	D-	60+
C+	78+	F	<60

**Course Evaluation Method**

Final Exam	25%
Midterm	20%
Assignments	30%
Project	25%

**Missing Exams**

Midterm and final exam will be open book/notes and will require the use of Excel/computer. You may use a financial calculator but **must** show your work in Excel. **You are not allowed to share calculators on exams.** There will be no make-up midterm exam or final exam unless the exam date falls on an important religious event/observation day (see details in the Religious Accommodation Policy Statement).

**Late Assignments**

You are responsible for turning in the assignments and project on time. **Late assignments and late project will not be accepted.** You can submit your assignments and/or project before the deadline via email.

**Attendance Policy**

Regular class attendance is strongly urged. As you may be aware, FAU has launched a new procedure to take attendance for all courses. To collect student attendance University-wide, a mandatory Blackboard survey with a direct hyperlink will be presented to all registered students for each course. Please complete the survey by the end of the drop/add period. More

importantly, class activities are vitally important to the learning process. Tardiness is disruptive; if you must be late, please quietly take the first available seat and do not disturb the class. *You are expected to turn off your cell phones* and other electronic devices prior to the start of class.

**FIN 6455- Financial Modeling (Tentative Course Outline)**

(This outline is to be a part of a market rate program, not ruled by traditional semester timing.  
 Each week is 2.5 hr (2hr 50 min) teaching time for a 2-credit (3-credit course))

Chapter reading assignments and all assigned homework problems should be completed prior to the class period they are scheduled to be discussed.

**Week 1**

*Chapter 1 (SB) – Introduction to Financial Modeling*  
*Chapter 26, 27 (SB) – Introduction to Excel*

**Article:** Derman, Emanuel. 2009. Models. *Financial Analysts Journal* 65, 28-33.

**(Date: last day to add/drop without consequences, Date: last day to pay fees)**

**Week 2**

*Chapter 2 (SB): Time Value of Money*  
*Chapter 3 (SB): Mortgage, Lease and the concept of IRR*

**Week 3**

*Chapter 4 (SB) – Introduction to Capital Budgeting, NPV vs IRR, Effect of Taxes*  
*Chapter 5 (SB): Issues in Capital Budgeting: Comparing Projects with Different Life Span, Mid-year Discounting*

**Week 4**

*Chapter 6 (SB) – Weighted Average Cost of Capital*  
**ASSIGNMENT 1 DUE**

**Week 5**

*Chapter 7 (SB) – Financial Planning Models for Valuation*  
*Free Cash Flow Model, Gordon’s Model, and Sensitivity Analysis*  
**MIDTERM EXAM**

**Week 6**

*Chapter 12 (Ho & Lee) – Valuation of a Firm: the Business Model*  
*Chapter 13 (Ho & Lee) – Strategic Value of a Firm: Real Option*

**Article:** Graham, John R., Campbell R. Harvey, and Shiva Rajgopal. 2006. Value Destruction and Financial Reporting Decisions. *Financial Analysts Journal* 62, 27-39.

**Week 7**

*Materials provided by the Instructor: Mergers and Acquisitions Valuation, Leveraged Buyouts, Venture Capital*

**Week 8**

*Chapter 9, 10, 11, 12 (SB) – Portfolio Returns and Efficient Frontiers, CAPM, Using CAPM to measure Investment Performance*

**(Date: last day to withdraw without an "F")**

**ASSIGNMENT 2 DUE**

**Week 9**

*Chapter 20, 22 (SB) – Introduction to Options and Options Pricing using Black-Scholes Formula*

**Week 10**

*Chapter 12 (Ho & Lee) – Bond Markets: the Bond Model*

**PROJECT DUE**

**Final Exam-** (covering Chapters X- XX) Date: TBA

**Selected University and College Policies**

**Code of Academic Integrity Policy Statement**

Students at Florida Atlantic University are expected to maintain the highest ethical standards. Academic dishonesty is considered a serious breach of these ethical standards, because it interferes with the university mission to provide a high quality education in which no student enjoys an unfair advantage over any other. Academic dishonesty is also destructive of the university community, which is grounded in a system of mutual trust and places high value on personal integrity and individual responsibility. Harsh penalties are associated with academic dishonesty. For more information, see University Regulation 4.001.

**Disability Policy Statement**

In compliance with the Americans with Disabilities Act (ADA), students who require special accommodation due to a disability to properly execute coursework must register with the Office for Students with Disabilities (OSD) – in Boca Raton, SU 133, (561) 297-3880; in Davie, MOD



1, (954) 236-1222; in Jupiter, SR 117, (561) 799-8585; or, at the Treasure Coast, CO 128, (772) 873-3305 – and follow all OSD procedures.

### **Religious Accommodation Policy Statement**

In accordance with rules of the Florida Board of Education and Florida law, students have the right to reasonable accommodations from the University in order to observe religious practices **and beliefs with regard to admissions, registration, class attendance and the scheduling of examinations and work assignments.** For further information, please see [Academic Policies and Regulations](#).

### **University Approved Absence Policy Statement**

In accordance with rules of the Florida Atlantic University, students have the right to reasonable accommodations to participate in University approved activities, including athletic or scholastics teams, musical and theatrical performances and debate activities. It is the student's responsibility to notify the course instructor at least one week prior to missing any course assignment.

### **College of Business Minimum Grade Policy Statement**

The minimum grade for College of Business requirements is a "C". This includes all courses that are a part of the pre-business foundation, business core, and major program. In addition, courses that are used to satisfy the university's Writing Across the Curriculum and Gordon Rule math requirements also have a minimum grade requirement of a "C". Course syllabi give individualized information about grading as it pertains to the individual classes.

### **Incomplete Grade Policy Statement**

A student who is passing a course, but has not completed all work due to exceptional circumstances, may, with consent of the instructor, temporarily receive a grade of incomplete ("I"). The assignment of the "I" grade is at the discretion of the instructor, but is allowed only if the student is passing the course.

The specific time required to make up an incomplete grade is at the discretion of the instructor. However, the College of Business policy on the resolution of incomplete grades requires that all work required to satisfy an incomplete ("I") grade must be completed within a period of time not exceeding one calendar year from the assignment of the incomplete grade. After one calendar year, the incomplete grade automatically becomes a failing ("F") grade.

### **Withdrawals**

Any student who decides to drop is responsible for completing the proper paper work required to withdraw from the course.

**Grade Appeal Process**

A student may request a review of the final course grade when s/he believes that one of the following conditions apply:

- There was a computational or recording error in the grading.
- Non-academic criteria were applied in the grading process.
- There was a gross violation of the instructor's own grading system.

The procedures for a grade appeal may be found in Chapter 4 of the University Regulations.

**Disruptive Behavior Policy Statement**

Disruptive behavior is defined in the FAU Student Code of Conduct as "... *activities which interfere with the educational mission within classroom.*" Students who behave in the classroom such that the educational experiences of other students and/or the instructor's course objectives are disrupted are subject to disciplinary action. Such behavior impedes students' ability to learn or an instructor's ability to teach. Disruptive behavior may include, but is not limited to: non-approved use of electronic devices (including cellular telephones); cursing or shouting at others in such a way as to be disruptive; or, other violations of an instructor's expectations for classroom conduct.

**Faculty Rights and Responsibilities**

Florida Atlantic University respects the right of instructors to teach and students to learn. Maintenance of these rights requires classroom conditions which do not impede their exercise. To ensure these rights, faculty members have the prerogative:

- To establish and implement academic standards
- To establish and enforce reasonable behavior standards in each class
- To refer disciplinary action to those students whose behavior may be judged to be disruptive under the Student Code of Conduct.

**References:**

1. Benninga, Simon. 2011 Principles of Finance with Microsoft Excel. 2<sup>nd</sup> Ed, *Oxford University Press*.
2. Derman, Emanuel. 2009. Models. *Financial Analysts Journal* 65, 28-33.
3. Graham, John R., Campbell R. Harvey, and Shiva Rajgopal. 2006. Value Destruction and Financial Reporting Decisions. *Financial Analysts Journal* 62, 27-39.
4. Ho, Thomas S. Y., and Sang Bin Lee. 2004. The Oxford Guide to Financial Modeling, Applications for Capital Markets, Corporate Finance, Risk Management and Financial Institutions. *Oxford University Press*.



5. Kelleher, James. 2010. Equity Valuation for Analysts and Investors, 1<sup>st</sup> Ed., *McGraw-Hill Companies*.
6. Rosenbaum, Joshua and Joshua Pearl. 2009. Investment Banking: Valuation, Leveraged Buyouts and Mergers and Acquisitions. *John Wiley and Sons Inc*.
7. Walkenbach, John. 2013. Excel 2013 Formulas, 1<sup>st</sup> Ed., *Wiley Publishers*.
8. Breaking Into Wall Street Online Tutorial Videos for Financial Modeling
9. <http://www.cfainstitute.org/learning/products/multimedia/Pages/84107.aspx>
10. <http://businessvaluezz.blogspot.com/2010/04/merger-acquisition-excel-templates.html>
11. <https://www.macabacus.com/>