

MASTER SYLLABUS

FINC620: EXECUTING AND REPORTING FINANCIAL MARKET TRANSACTIONS

1. Course Details

Semester:	
Course Code:	FINC620
Course Name:	Executing and Reporting Financial Market Transactions
Course Prerequisites:	ACCT510, FINC501
Course Co-requisites:	None
Credits Hours:	One and one-half (1.5) credit hours
Classroom:	
Class Timing:	(18.75 class hours)
Final Exam Period:	

2. Instructor Details

Professor:
Office Location:
Office Hours:
Email:
Course website:
Phone (Office):

3. Catalog Course Description

Provides a balanced view of the principal financial markets including financial instruments, financial statements and other sources of information, valuation of securities, trading mechanics and reporting results consistently with both accounting standards and Global Investment Performance standards (GIPS). Course content relies on the use of data and informational resources technology to bridge the gap between abstract theories and managerial decision making practices. This course is designed to provide a coherent framework to guide your effective participation in the Capital and Money Markets.

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4. Course Overview

This course is structured around three interrelated two-week components. Each of the three course components requires that each student team accesses and utilizes current financial data and information (available on the Internet), processes it using web-based analytic technology, and presents conclusions and managerial policy recommendations consistent with current financial theories and managerial practices. The first two-week component will be used to review financial statements, extract Free Cash Flow to Firm (FCFF) and Free Cash Flow to Equity (FCFE) and apply preliminary cash flow valuation methods, including Market Value Added (MVA) and Economic Value Added (EVA). Also the parameters for the first team project will be developed during this period and the project will be initiated.

Weeks 3 and 4 will focus on the execution, analysis and valuation, and reporting of transactions in Money Market instruments. The following two weeks will do likewise for Capital Market Instruments. Elements of Behavioral Finance (e.g. Prospect Theory and Mental Accounting), based on insights from psychology of actual human behavior, will be used to complement the traditional tools of the disciplines of Finance and Accounting. Students will also be introduced to elements of the IASB-driven International Financial Reporting Standards (IFRS) compared to the U.S. counterparts of the FASB-driven GAAP rules. IFRS desire to achieve global comparability of financial statements (via global convergence of reporting standards) is consistent with better-informed decision making processes and, consequently, a more effective functioning of financial markets.

Students will deliver written reports and also make oral presentations to discuss their projects during the seventh week.

5. Course-Level Learning Goals¹

(A) Invariant Learning Goals (In support of the MBA Programmatic Learning Goal(s)):

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

1. Design, organize and direct a collaborative group effort to bridge the gap between abstract financial concepts and business practice by utilizing financial statements and technology support systems to

¹ A note on School of Management Course-Level Learning Goals: Learning goals are partitioned into those that are in support of the programmatic learning goals (Invariant), specific to the localized region of delivery (Contextualized), and specific to the domain expertise of the instructor (Instructor-Specific). The former two categories are required for all courses. Invariant "Assurance of Learning Validations" are specifically linked to the associated programmatic learning goal and objective, with course-level learning goals representing the programmatic goal as it applies to the context of the course. Learning goals that focus on knowledge acquisition (Bloom's Taxonomy) are not specifically or necessarily included into the course-level learning goals, although it is assumed that knowledge acquisition of all relevant business core fundamentals is addressed within each course. Examinations in class are used to provide feedback concerning knowledge and comprehension for the purpose of ensuring that students who have not mastered these will not advance through the curriculum. Attainment of knowledge within each core area is assessed by way of standalone testing of each student as a required part of the instructional program prior to graduation (e.g. ETS).

- estimate a company's cash flows, conduct analysis and performance evaluation and propose managerial policy implications;
2. Manage a collaborative group activity to collect, process and use information to analyze financial market instruments, report results and recommend courses of action with due respect for global, behavioral and ethical considerations;
 3. Incorporate current events and integrate a current global and ethical perspective into financial decision making and reporting performance; and
 4. Utilize Excel functions to solve problems and evaluate financial outcomes.

Assurance of Learning Validations (Linked to the MBA Programmatic Learning Goal(s))²:

A1: Cash Flow Estimation and Valuation Project: Student teams will use several websites (including <http://finance.yahoo.com> and the **S&P EMI Excel Analytic Reports** and **S&P Industry Surveys**) to access information about a particular real-world company. Each team will review carefully the financial statements of the particular real-world company, extract Free Cash Flow to Firm (FCFF) and Free Cash Flow to Equity (FCFE). Then employ decision support analytics (including Excel and Thomson ONE or Bloomberg) to analyze and evaluate the company. Each team will first apply preliminary cash flow valuation methods, including Market Value Added (MVA) and Economic Value Added (EVA). Then the analysis is to be continued by adjusting key valuation parameters for future trends and performing a sensitivity analysis to account for critical uncertainties. Assume that your team was brought in by the chairman of the board to assess the overall financial condition of the company and to propose necessary adjustments in financial policies to improve future performance. Your team must deliver both a written report and also make an oral presentation of findings and proposed improvements.

For the purpose of assurance of learning, the Cash Flow Valuation Project will be assigned 6 scores based on the:

- a. Score 1: Ability to carry out a valid performance evaluation of a company by combining and integrating financial concepts and theories with available real-world information about business operations (MBA-2M);
- b. Score 2: Demonstrated ability to extract relevant information from various website (MBA-1M);

² A note on School of Management Assurance of Learning Scoring: Scores form the metric for the degree to which the validation (e.g. learning outcome) satisfies the associated learning goal or objective. Assurance of learning validation descriptions identify the criteria for each score that is to be given. Scores are scaled using program or concentration rubrics. It must be noted that scores are to be differentiated from grades. Scores form a criterion from which an instructor will ascertain an overall grade for any instrument of assessment, and the overall assessment the student receives for an instrument is a "grade." A score is an extraction that specifically measures the degree of attainment of a learning goal and/or objective.

- c. Score 3: Demonstrated effective use of excel and other analytic technology to support decision making and policy formulation (MBA-1M);
- d. Score 4: Quality of analysis and presentation of the written report including: logical sequencing, clear writing, and visually attractive presentation (MBA-ACCT & MBA-FINC);
- e. Score 5: Effectiveness of oral group-delivery of report as indicated by the use of professional terminology, Power Point support, and active engagement of classmates (MBA-1G); and
- f. Score 6: Credibility of the proposed adjustments in the financial policies of the company (MBA-MGMT).

A2: Financial Market Transactions Project: During weeks 3 through 6 student teams will use several websites (e.g., *S&P Market Insight*, *Yahoo*, *Thomson ONE*, *Bloomberg*, <http://www.mcmwatch.com> and <http://www.ustreas.gov/>) to collect information about money markets and capital market instruments, respectively. Each team will also collect weekly data for a comparative in-depth study of two financial instruments - one money market instrument and one capital market instrument.

Decision support analytics (including Excel and Thomson ONE or Bloomberg) will be employed to analyze and evaluate the above two instruments and deliver both oral and written final reports. The analysis will utilize traditional financial tools as well as concepts from Behavioral Finance. Reporting and presentation of results would be in accord with Global Investment Performance Standards (GIPS) but also give due consideration to Accounting Standards (including the addressing of IFRS issues). The Investment Committee expects you to conclude your reports with a set of well-justified managerial recommendations concerning the fund's investments in money market instruments.

For the purpose of assurance of learning, the Financial Market Transactions project will be assigned 6 scores based on:

- a. Integration of psychology of Behavioral Finance to complement traditional financial analysis (MBA-PSYCHOLOGY);
- b. Incorporation of international/global perspective regarding the making and reporting of financial transactions (MBA-INTERNATIONAL);
- c. Accounting for current issues of ethics relating to financial decisions (MBA-ETHICS);
- d. Use of data and information technology to bridge the gap between abstract financial constructs and managerial practice (MBA-2M);
- e. Soundness of the written report and the credibility of the recommended investment policy (MBA-MGMT); and
- f. Evidence for collaborative group work including the performance on the oral presentation by the team (MBA-1G).

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A3: Graded Quizzes: Each quiz will include two questions from assigned reading on current events. One question will focus on ethical standards for financial activities and financial reporting and the other question shall focus on current international financial market events. The remaining three problems will test the student's ability to solve financial problems. All quizzes will be assigned in class, collected and graded.

For the purpose of assurance of learning, the Graded Quizzes will be assigned 3 scores based on the:

- Score 1: Demonstrated ability to put a global perspective on class materials (MBA-INTERNATIONAL);
- Score 2: Incorporation of current ethical consideration in matters of financial choices and financial reporting (MBA-ETHICS); and
- Score 3: Appropriate solutions to problems (MBA-FINC).

A4: Individual Homework Excel Problems: Four Excel problems will be assigned, collected and graded.

For the purpose of assurance of learning, the Individual Problems will be assigned 2 scores based on the:

- Score 1: Attractiveness of spreadsheet and graphic presentations (MBA-1M); and
- Score 2: Correct solutions (MBA-FINC).

(B) Contextualized (Globalized) Learning Goal(s):

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

- See Invariant Learning Goal 2 above; and
- See Invariant Learning Goal 3 above.

Assurance of Learning Validation (In support of the Contextualized (Globalized) Learning Goal(s)):

B1. See Assurance of Learning Validation A2(b) above; and

B2. See Assurance of Learning Validation A3(a) above.

(C) Instructor Specific Learning Goal(s) (Optional):

None

Assurance of Learning Validation (In support of the Instructor Specific Learning Goal(s)):

None

6. Teaching and Learning Methodology

The School of Management's teaching and learning strategy is informed by contemporary indicators/sources that derive from its target market, specifically the millennial generation. In particular,

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behavioral traits for this generation are identified and form the basis of emphasis for the schools' teaching and learning methodologies. These methodologies are reflected in the school's mission statement by way of its TEMPOS campaign³. In addition, teaching and learning strategies are informed by institutional indirect assessment results, periodically collected and reviewed by the Office of Planning and Assessment and the school's faculty⁴. Teaching and learning strategies are also externally referenced systematically (e.g., the Annual Stakeholder's Conference) through continuing consultations with non-board key stakeholder groups, including employers, business and community leaders, accreditation and ministerial agencies, alumni, students, peer institutions, and business and governmental agency representatives.

A component of all courses, as a part of the teaching and learning strategies, is to maintain academic rigor and to be intellectually challenging. This is validated in institutional survey results. However, School of Management faculty members utilize an overall collective portfolio of strategies/initiatives that obtain from the aforementioned sources in delineating those that are most appropriate or emphasized in the courses they lead.

In this course (FINC620), four (4) prioritized teaching and learning strategies focus on:

1. solving problems;
2. relevant content to student future career/goals;
3. integrating international/global perspectives; and
4. use of technology.

All faculty members that instruct this course should consider how to execute the course to emphasize these key components of the strategies considered. Following a review of learning outcomes, faculty members consider how re-orientation of teaching and learning strategies might result in strengthening these outcomes, and adjustments are made, accordingly. Faculty members also consider how the School of Management Triple Platforms of Excellence (Professional Enrichment, Experiential Education, and Student Advancement) might be leveraged as a part of this strategy, and provide recommendations to the Directors of those platforms. The school also reviews the distribution of identified teaching and learning strategies periodically to ensure comprehension and the integration of each (from the designated list of approximately 20-25 strategies) within the curriculum. Finally, results from student teaching evaluations also provide indications of how various teaching and learning strategies are integrated into the course

³ Teaching and Learning Strategies: "TEMPOS and the Millennials," revised September 2008.

⁴ E.g., Student Survey on Teaching Quality – Quantitative Data: School of Management.

delivery. The following issues (indicator number is provided) are among those in the evaluations that bear on this review and analysis:

- 7. The instructor was responsive to student questions.
- 8. The instructor was available for course related consultation and advice.
- 9. The instructor graded and returned student work and exams promptly.
- 10. The instructor incorporated information technology (e.g. computer or the Internet) in the course.
- 18. The instructor was responsive to student needs and concerns.
- 21. The instructor assigned challenging course work.
- 22. The instructor provided helpful, constructive feedback on assignments and course work.
- 23. The instructor acknowledged cultural differences and diversity among students.
- 24. The instructor helped me understand the subject matter.

Along with teaching and learning strategies, the notion of student effort/time on task is also considered, although it is not necessarily driven by metrics. It is noted that the notion of student effort, specifically metric driven, is not a universally adopted approach⁵. However, if an instance occurs where student learning outcomes do not meet targeted academic standards, the School of Management utilizes indirect inputs in this area to explore the interdependencies between factors including the amount of work required in the course, the degree of challenge in the coursework, and level of critical analysis, among others⁶.

7. Required Resource(s)

Brigham, E., and Ehrhardt, M. (2011). *Financial Management: Theory & Practice*. 13th Edition. Cengage. ISBN: 9781439078099. (B&E)

Chapter 2. Financial Statements, Cash Flow, and Taxes.

Keiso, D.; Weygandt, J.; and Warfield, T. (2009) *Intermediate Accounting*. 13th Edition. Wiley. ISBN: 9780470374948. (KWW)

Chapter 14: Long-Term Liabilities

Chapter 17: Investments

Chapter 23: Statement of Cash Flows

⁵ See the Victorian TAFE Association Response – Strengthening the AQF: Proposal, June 2009. East Melbourne, Victoria, Australia, retrieved from http://www.vta.vic.edu.au/docs/PositionDiscussion%20Papers/VTA_Response_Strengthening_the_AQF.pdf on February 22, 2010.

⁶ Sample data regularly collected through the New York Institute of Technology Student Rating of Courses/Teaching Form.

Robinson, T.R.; van Greuning, H.; Henry, E.; and Broihahn, M. (2009). *International Financial Statement Analysis*. Wiley. ISBN: 9780470287668. (RGHB)

Chapter 8: International Standards Convergence.

Madura, J. (2010). *Financial Markets and Institutions*. 9th Edition. Cengage. ISBN-13: 9781439038840. (JM)

Chapter 1. Role of Financial Markets and Institutions.

Chapter 6. Money Markets

Chapter 7. Bond Markets.

Chapter 8. Bond Valuation and Risk.

Chapter 10. Stock Offerings and Investor Monitoring

Nofsinger, J. (2001). *Psychology of Investing*. 4th Edition. Prentice Hall. ISBN-13: 9780136117032. (JN)

Chapter 1: Psychology and Finance

Chapter 6: Mental Accounting

CFA. (2005). Global Investment Performance Standards (GIPS®). CFA Institute Centre for Financial Market Integrity. Available at <http://www.cfapubs.org/doi/pdf/10.2469/ccb.v2010.n5.1>.

Corrections to GIPS Standards 2005: Last Updated October 31, 2006.

Current Events: WSJ Weekly Review (1) Ethics (2) International Business (3) Finance

8. Reference Textbooks

Brigham, E., and Ehrhardt, M. (2011). *Financial Management: Theory & Practice*. 13th Edition. Cengage. ISBN: 9781439078099.

Keiso, D.; Weygandt, J.; and Warfield, T. (2009) *Intermediate Accounting*. 13th Edition. Wiley. ISBN: 9780470374948.

Robinson, T.R.; van Greuning, H.; Henry, E.; and Broihahn, M. (2009). *International Financial Statement Analysis*. Wiley. ISBN: 9780470287668.

Madura, J. (2010). *Financial Markets and Institutions*. 9th Edition. Cengage. ISBN-13: 9781439038840.

CFA. (2005). Global Investment Performance Standards (GIPS®). CFA Institute Centre for Financial Market

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Integrity. Available at <http://www.cfapubs.org/doi/pdf/10.2469/ccb.v2010.n5.1>.

Corrections to GIPS Standards 2005: Last Updated October 31, 2006.

Ackert, L. and Deaves, R. (2010). *Behavioral Finance: Psychology, Decision-Making, and Markets*. Prentice Hall. ISBN: 9780324661170.

Fabozzi, F.; Modigliani, F.; and Jones, F. (2010). *Foundations of Financial Markets and Institutions*. 4th Edition. Prentice Hall. ISBN: 9780136135319.

Mishkin, F., and Eakins, S. (2009). *Financial Markets and Institutions*. 6th Edition. Prentice Hall. ISBN: 9780321374219.

Wiecek, I.M., and Young, N.M. (2009). *IFRS Primer International GAAP Basics*. Wiley. ISBN: 9780470483176.

9. Assessment Methodology and Grading Guidelines

Instrument	Points (i.e. weights)
Final Test	160 points
Quizzes (3x25 Minutes, See A3)	120 points
Team Project (see A1)	40 points
Team Project (see A2)	60 points
Individual Homework Excel Problems (see A4)	20 points
TOTAL	400 points

10. Grading Guidelines: The final grade for the course will be calculated using the relevant grading scale:
N/A

11. Attendance Policy: Students are expected to attend every class session. Instructors will inform students of the exact number of absences and late-arrivals permitted during the semester. Students who exceed these limits may be subject to failure. If a student misses any class or test, the instructor has the right to either grant or deny an opportunity to make up the work that was missed. In such cases, the instructor shall be the sole judge of the validity of a student's explanation for having missed the class or test.

12. Deductions for Late Arrival, Early Departure, and Unexcused Absences:

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13. Policy for Make-Up Assignments or Quizzes:

14. Classroom Behavior: Behavior that disrupts, impairs, interferes with, or obstructs the orderly conduct, processes, and functions within an academic classroom or laboratory violates the student code of conduct and may result in disciplinary action. This includes interfering with the academic mission of NYIT or individual classroom or interfering with a faculty member's or instructor's role to carry out the normal academic or educational functions of their classroom or laboratory, including teaching and research.

15. Students with Physical or Educational Challenges:

- It is the policy of New York Institute of Technology to provide reasonable accommodations for students who are otherwise qualified but have disabilities, including learning disabilities, health impairments, and other disabling conditions. Possible accommodations include, but are not limited to, test schedule modifications, class relocation, and possible assistance in acquisition of necessary equipment.
- The college has an interest in helping students with disabilities to be competitive in this academic environment. Therefore, reasonable accommodations will be made upon proof both of disability and need for the accommodations. It must be understood that accommodations are meant to facilitate educational opportunities. Admission to NYIT and accommodations do not guarantee success. Therefore, in addition to accommodations, the college encourages utilization of auxiliary services available to all students to maximize opportunities for success. Students whose disabilities may require some type of accommodation must complete a request for accommodations form and an intake interview with their campus services coordinator prior to the academic semester. Accommodations may be requested at any time during the semester; however, accommodations cannot be applied to past failures, only to future academic endeavors. Appropriate modifications of accommodations will be worked out on a case-by-case basis and will not necessarily incorporate all requested changes.
- Students for whom auxiliary services—such as readers, interpreters, note takers, etc.—have been approved should arrange these with their campus services coordinator. In addition to discussing appropriate educational modifications, the campus services coordinator will serve as a liaison with other college faculty and administration on behalf of students with disabilities.

16. Academic Integrity:

- Each student enrolled in a course at NYIT agrees that, by taking such course, he or she consents to the submission of all required papers for textual similarity review to any commercial service engaged by NYIT to detect plagiarism. Each student also agrees that all papers submitted to any such service may be included as source documents in the service's database, solely for the purpose of detecting plagiarism of such papers.
- Plagiarism is the appropriation of all or part of someone else's works (such as but not limited to writing, coding, programs, images, etc.) and offering it as one's own. Cheating is using false pretenses,

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tricks, devices, artifices or deception to obtain credit on an examination or in a college course. If a faculty member determines that a student has committed academic dishonesty by plagiarism, cheating or in any other manner, the faculty has the academic right to 1) fail the student for the paper, assignment, project and/or exam, and/or 2) fail the student for the course and/or 3) bring the student up on disciplinary charges, pursuant to Article VI, Academic Conduct Proceedings, of the Student Code of Conduct. The complete Academic Integrity Policy may be found on various NYIT Webpages, including: <http://www.nyit.edu/images/uploads/academics/AcademicIntegrityPolicy.pdf>.

17. 8 Week Topical Class Schedule

Week	Topic	Book Section
Wk 1	Financial Statements and Cash Flow Valuation	JM chapter 1;
Wk 2	Financial Statements and Cash Flow Valuation Instructions for Team Project A1 discussed	KWW chapter 23; B&E chapter 2
Wk 3	Executing Transactions and Valuing Money Market Instruments (Quiz 1 administered)	JM chapter 6;
Wk 4	Reporting Money Market Transactions and Instruments Instructions for Team Project A2 discussed	KWW chapter 17; JN chapters 1 & 6
Wk 5	Execution and Valuation of Capital Market Transactions and Instruments (Quiz 2 administered)	JM chapters 6,7, 8; KWW chapter 14;
Wk 6	Reporting Capital Market Transactions and Instruments A1 written reports are collected	GIPS 2005 & 2006
Wk 7	A1 & A2 Oral Group Presentations are conducted; A2 written reports are collected; (Quiz 3 administered)	
Wk 8	Final Examination (Ranking/Evaluation of reports are collected)	

18. Using the NYIT Library

All students can access the NYIT virtual library from both on and off campus at www.nyit.edu/library. The same login you use to access NYIT e-mail and NYITConnect will also give you access to the library's resources from off campus.

On the left side of the library's home page, you will find the "Library Catalog" and the "Find Journals" sections. In the middle of the home page you will find "Research Guides;" select "Video Tutorials" to find information on using the library's resources and doing research.

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Should you have any questions, please look under “Library Services” to submit a web-based “Ask-A-Librarian” form.

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