



Course program and reading list

Semester 2 Year 2024

School: Adelson School of Entrepreneurship B.A

Financial Management and Entrepreneurial Finance

Lecturer:

Dr. Tal Mofkadi mofkadi.tal@runi.ac.il

Tutors:

Ms. Lihi Cohen cohen.lihi@post.runi.ac.il

Course No.:	Course Type :	Weekly Hours :	Credit:
3941	Lecture	4	4

Course Requirements :	Group Code :	Language:
Final Exam	242394102	English

Prerequisites

Students who took one of the courses listed below will not be allowed to register to the course Financial Management and Entrepreneurial Finance (3941):

26029 - Financial Management and Entrepreneurial Finance



Course Description

This is a first course in corporate finance which is designed to introduce students to the concepts and techniques necessary to analyze and implement optimal investment decisions by managers and entrepreneurs.

The course studies the effect of time and uncertainty in decision-making. Topics include

discounting techniques, stock, and bond valuation, writing the financial section of a business plan, capital budgeting under certainty and uncertainty, asset pricing models, and capital structure.

I believe in a hands-on approach thus the entire course will be taught and implemented with Excel.



Course Goals

By the end of this course, you will be able to:

- Create and analyze business plans,
- Analyze, prioritize and assess business opportunities,
- Understand current financial trends,
- Understand how to manage a portfolio,
- and how to correlate risk and return.



Grading

The course grade will be determined by the final exam (100%).

There will be weekly problem sets. Problem sets are due back at the beginning of class. Late problem sets will not be accepted. You must work on the problem sets on your own.

The problem sets will not be graded. **Insufficient effort or missing submission of more than 2 problem sets may lead to up to 2 points loss for every missing submission. Students who submit fewer than 6 assignments will be considered as if they quit the course and will not be allowed to attend the final examination.**

I expect you to come to class well-prepared and contribute quality to class discussions.

Late entries will not be permitted, no phones are allowed in my classes and students sit in my classes with nameplates (or any sort of visible name tag).

As per Reichman University's decision:

- Attendance in 80% of classes (10 out of 13) is mandatory.
 - Attending less than 10 classes will result in a 5 points deduction for each class missed (i.e. attending 9 classes – a deduction of 5 points), attending 8 classes deduction of 10 points, and so on.
 - Students who attend 6 or fewer classes will fail the course.
 - Absences pre-approved by student administration will not count towards a point deduction.
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Miscellaneous

Familiarity with Excel (or an equivalent spreadsheet program) is recommended. There are handouts titled "Use of Financial Functions in Excel" and "Use of Statistical Functions in Excel" on the course website. The spreadsheets referred to in these notes are also linked on the course web page.

Course Outline

Indicated below are the readings for each class. "BM" refers to the textbook by Benninga and Mofkadi. Please read the corresponding material in the textbook prior to each lecture. To further your understanding of the material, you can work out review questions in the assigned textbook chapters.

Tentative schedule:

Topic	Topic content	Readings
1.	<u>Introduction and the time value of money:</u> <ul style="list-style-type: none">· Goals in managing the firm.· The interaction between firm decisions and capital markets.· Asset valuation with known cash flows.· Arbitrage and the Law of One Price.	BM chapters 1+2
2.	<u>NPV and Capital Budgeting:</u> <ul style="list-style-type: none">· NPV vs IRR.· Alternatives to NPV.· Determining cash flows.	BM chapter 3
3.	<u>Loans and Amortization tables</u> <ul style="list-style-type: none">· Main types of loans· Amortization tables· Refinancing costs	BM chapter 4
4.	<u>Interest rates and adjustments:</u> <ul style="list-style-type: none">· Compound vs Stated interest rates.	BM chapter 5

Topic	Topic content	Readings
	<ul style="list-style-type: none"> · Analyzing transactions · Inflation. 	
5.	<p><u>Bond Valuation:</u></p> <ul style="list-style-type: none"> · Bond price · Yield to Maturity · Term structure of interest rates. 	BM chapter 4 + 15
6.	<p><u>Capital Budgeting:</u></p> <ul style="list-style-type: none"> · Estimating project cash-flows. · Business plan analysis. 	BM chapter 6
7.	<p><u>Understanding Diversification:</u></p> <p>What is risk?</p> <p>Introduction to portfolio optimization.</p>	BM 7+8+9
8.	<p><u>Risk and Return:</u></p> <ul style="list-style-type: none"> · Portfolio frontier. · The Capital Market Line (CML) 	BM chapter 10
9.	<p><u>The Capital Asset Pricing Model (CAPM)</u></p> <ul style="list-style-type: none"> · The price of risk. · The Capital Asset Pricing Model. · Alternatives to the CAPM. 	BM chapter 11
10.	<p><u>Stock Valuation:</u></p> <ul style="list-style-type: none"> · The Gordon growth model. · P/E ratios. · Growth opportunities. 	BM chapter 16

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Lecturer Office Hours

TBD

Tutor Office Hours

TBD

Teaching Assistant

Lihi Cohen Cohen.Lihi@runi.ac.il

Reading List

The required textbook for the course is: Benninga, S. and Mofkadi, T. **Principles of Finance with Excel**, Oxford University Press, 2017.

Additional reading list:

- 5 Ways Managers Can Use Finance to Make Better Decisions, Harvard Business School. <https://online.hbs.edu/blog/post/financial-decision-making>
- Artificial Intelligence in Finance, University of San Diego. (<https://onlinedegrees.sandiego.edu/artificial-intelligence-finance/>)

You can also use:

- Berk J, Demarzo P., **Corporate Finance**, Pearson, 4th edition, 2017
- Brealey, R.A. and Myers, S.C., **Principles of Corporate Finance**, McGraw Hill, 5th–11th Edition (BM).

Copies of these textbooks have been put on reserve in the library.