Preparatory Finance Course
2018

Monday, August 13 – Friday, August 17, 2018
9:00AM-2:15PM; BIF Room TBD

Instructor: Martin Widdicks
(Co-Designer of FIN 500, Director of MSF Program &
Voted best Professor on the MSF Program from 2014 – 2017
CBAA award for Graduate Teaching 2017)

330 Wohlers Hall

Cost: FREE

**Course Description:** The Finance Bootcamp consists of fourteen 80 minute classes combining lectures, worked examples, in class examples and discussion. The class is designed for students with no or limited exposure to fundamental areas of Finance such as: financial statements, bonds and interest rates, equity and equity valuation, capital structure and corporate finance. The class also serves as a preparation for FIN 500: Introduction to Finance which you will study in the Fall semester. Many past students have found the Finance Bootcamp to be a very helpful introduction to their studies on the MSFE.

**Course Overview**

**Day 1:** Introduction. What is Finance?

Financial Statements: Income Statement and balance sheet; cash flows and accruals. Detailed examination of a set of financial statements and simple valuations

**Day 2:** Financial Statement Analysis: interpreting financial statements, commonly used ratios, how to interpret them. How we can use financial information for investing or valuations
**Day 3/4:** Interest rate mechanics and fixed income valuation: compounding, present value, future value, annuity formulas. Zero-coupon rates, forward rates, yield to maturity, par yield; ordinary note/bond as a portfolio of zero-coupon bonds

Introduction to the principal USD fixed income markets (U.S. Treasuries, corporate bonds, interbank market (LIBOR), commercial paper); compounding, valuation and quotation conventions in the various markets

**Day 4:** Equity valuation dividend discount models, including the Gordon growth model, simple discounted cash flow valuation, growth and value stocks, P/E ratios.

**Day 5:** Corporate Finance: Corporate objectives and the net present value rule, capital structure, Modigliani-Miller theory and the weighted-average cost of capital. Project evaluation: NPV, IRR payback, real options.