

Benedictine University
FINA 300-30 Managerial Finance

Summer 2007
6/14/07 – 8/16/07
6:00 – 10:00 p.m.
Thursdays, Room D223 (Room Subject to change)

Instructor: Kathy Estes
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Office Hours: By appt

- I. COURSE DESCRIPTION: (3 credit hours) Analysis of the functions of financial management in the decision making process of the firm.

Course Prerequisites: ACC-111 Principles of Accounting I (Financial) and MATH 105 Finite Mathematics I.

- II. TEXTBOOK/MATERIALS: Brigham, Eugene F., and Houston, Joel F., *Fundamentals of Financial Management*, 11th Ed., Thompson Publishers, © 2007.

A financial calculator is required for this class. If a student does not currently own a financial calculator, they should purchase one before the first night of class and begin familiarizing themselves with the various financial features. Examples of appropriate calculators include Texas Instruments (TI 83, TI 83 Plus, or BA II Plus) or Hewlett-Packard (HP 10B, 12C, or 17B). If you have any questions regarding this requirement, please contact the instructor.

- III. MISSION STATEMENT: Benedictine University is dedicated to the education of undergraduate and graduate students from diverse ethnic, racial and religious backgrounds. As an academic community committed to liberal arts and professional education distinguished and guided by our Roman Catholic tradition and Benedictine heritage, we prepare our students for a lifetime as active, informed and responsible citizens and leaders in the world community.

IV. GOALS AND OBJECTIVES

- A. Goal: To provide students with the basic tools for effective financial decision-making within a firm and to develop an understanding of financial markets and security valuation.
- B. Course-Based Student Learning Objectives (CBSLOs): At the completion of the course, students should be able to do the following:
1. CBSLO-1: Understand the role of financial managers in a business organization and be able to analyze the basic financial statements of a firm.
 2. CBSLO-2: Demonstrate how financial markets operate and the relationship between risk and return.
 3. CBSLO-3: Analyze security prices and make financial decisions based on their valuation.
 4. CBSLO-4: Apply quantitative techniques to make long-term investment decisions.

- V. TEACHING METHODS: Lecture, classroom discussions, outside reading, and practical applications will be used to facilitate learning. Students should monitor various news outlets (*Wall Street Journal*, *Business Week*, *Fortune*, *Forbes*, or *The Economist*) for financial information that relates to the topics discussed in the course.

VI. COURSE REQUIREMENTS

- A. Attendance/Participation – Students are expected to attend every class and remain for the full class session. Active participation in classroom discussions and exercises is also expected. Poor attendance and/or

unwillingness to participate in the class sessions will be reflected in the participation component of your grade. More than 1 absence will likely result in a lower overall class grade.

- B. Reading Assignments – These assignments are necessary to ensure students grasp the financial topics discussed. Reading assignments in the textbook should be completed prior to the scheduled class discussion. Students should be prepared to discuss the assigned reading.
- C. Written Assignments – Students are expected to complete 1 project and 1 analysis paper. These projects incorporate the information reviewed in class to a “real-world” application. Additional information on these assignments will be provided in class.
- D. Makeup Work – **No makeup exams will be given without prior permission.** Late assignments will result in a significant reduction in the assignment grade and will only be accepted until the beginning of the class session following the original due date.
- E. Plagiarism/Cheating – Plagiarism is defined as follows: “The deliberate and knowing presentation of another person’s original ideas or creative expressions as one’s own. Generally, plagiarism is immoral but not illegal. If the expression’s creator gives unrestricted permission for its use and the user claims the expression as original, the user commits plagiarism but does not violate copyright laws. If the original expression is copied without permission, the plagiarist may violate copyright laws, even if credit goes to the creator. And if the plagiarism results in material gain, it may be deemed a passing-off activity that violates the Lanham Act.” (Black’s Law Dictionary, 8th 3d. (2004), p. 1187) “Three different acts are considered plagiarism: (1) failing to cite quotations and borrowed ideas, (2) failing to enclose borrowed language in quotation marks, and (3) failing to put summaries and paraphrases in your own words.” (A Writer’s Reference, by Diana Hacker, Bedford St. Martin’s Press, 2003, p. 331)

Plagiarism/Cheating will not be tolerated. The SCI/BU Student Handbook lists plagiarism as a serious breach of conduct standards which will result in disciplinary action. Anyone observed cheating or caught plagiarizing will receive an “F” for the course.
- F. Classroom Etiquette - Cell phones and pagers must be turned off during class. Please show respect to your fellow students and the instructor by arriving on time and being prepared for class.

VII. COURSE EVALUATION

- A. Grading Scale:
 - 450 to 500 pts = A
 - 400 to 449 pts = B
 - 350 to 399 pts = C
 - 300 to 349 pts = D
 - <300 pts = F
- B. Means of Evaluation:

5 Examinations – 60 points each	300 points
Time Value of Money Project	100 points
Analysis Paper	75 points
Attendance & Participation	<u>25 points</u>
TOTAL	500 points

There will be 5 exams during this class, and each exam will be worth 60 points. Exam 1 will cover chapters 1 & 2, Exam 2 will cover chapters 3 & 4, Exam 3 will cover chapters 5 & 6, Exam 4 will cover chapters 7 & 8, and Exam 5 will cover chapters 9, 10, & 11. Details on exam format will be discussed in class.

VIII. COURSE OUTLINE: This schedule is tentative. Changes from the listed schedule will be announced during class. Students who miss class are responsible for any announced changes.

Week	Chapters	Topics
1 June 14	1 & 2	Finance careers, role of finance in a firm, agency relationships, intrinsic value Time value of money, FV & PV of lump sum, annuity, or uneven cash flow stream, effective annual rate, periodic rate, amortization
2 June 21	2, 3 & 4 Exam 1	Time value of money problems, balance sheet, income statement, statement of retained earnings, statement of cash flows, sources and uses of cash, NOPAT, Calculation of cash flow (NCF, OCF, FCF), Federal income taxes, Financial statement analysis, ratio analysis, ROE, DuPont Equation, problems.
3 June 28	3, 4 & 5	Problems from Chapters 3 & 4, types & importance of financial markets & institutions, nominal & real interest rates.
4 July 5	Exam 2 6	IP, DRP, LP, MRP, term structure of interest rates, yield curves, problems.
5 July 12	7 Exam 3	Bond characteristics & terms, calls, valuation, YTM, CY, CGY, interest rate & reinvestment risk, and problems.
6 July 19	8	Risk & return, stand-alone and portfolio risk, probability distributions, standard deviation, CV, portfolio return & risk, correlation, CAPM, beta, SML, MRP, risk aversion, and problems
7 July 26	NO CLASS	PROJECT DUE
8 August 2	Exam 4 9	Common stock attributes, stock price, dividend growth model, market equilibrium, Ch 9 problems.
9 August 9	10 & 11	Capital components & cost of each, WACC, Payback, Discounted payback, NPR, IRR, capital budgeting problems. ANALYSIS PAPER DUE
10 August 16	10 & 11 Exam 5	Finish problems from chapters 10 & 11, Class Review.

IX. AMERICANS WITH DISABILITIES ACT (ADA)

Benedictine University, in partnership with Springfield College in Illinois, provides individuals with disabilities reasonable accommodations to participate in educational programs, activities, and services. Students with disabilities requiring accommodations to participate in college-sponsored programs, activities, and services or to meet course requirements should contact the Director of the Resource Center as early as possible.

X. ASSESSMENT: CLASSROOM ASSESSMENT TECHNIQUES

Goals and objectives that will be assessed in the class are stated in this syllabus. Instructor will use Muddiest Point, Directed Paraphrasing, Minute Papers and/or other Classroom Assessment Techniques as deemed necessary in order to provide continuous improvement of instruction. Students are required to take part in all assessment measures.

ASSIGNMENT FOR THURSDAY, JUNE 14, 2007

1. Read Chapters 1 & 2. Please be prepared to discuss these chapters in class.
2. Obtain the use of a financial calculator (see syllabus for details).
3. Spend time becoming familiar with the financial functions of the calculator.