

Moravian College
Department of Economics and Business
ECON&MGMT 231 A&B: Managerial Finance
Spring 2006

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Office Hours: M & W 2:00-4:00, and by appointment

Prerequisites: ECON 152, ECON 156, and ECON 157

Text: Stephen Ross, Randolph Westerfield, and Bradford Jordan, *Essentials of Corporate Finance*, McGraw-Hill, 2004, 4th edition.

Objectives: This writing-intensive course introduces students to all major long-term decisions facing a financial manager. You will learn to:

- Analyze financial statements using traditional evaluation techniques
- Use discounting to price stocks and bonds
- Evaluate the profitability of real projects
- Choose an appropriate capital structure and dividend policy
- Write more clearly

Requirements:

Homework is due every time we finish a chapter. Doing homework is the best way to learn the material—and some homework problems are on the exams! Every completed homework counts for 0.5% of your grade, up to 6%; it is not graded. Nevertheless, I expect you to answer the word problems carefully, using good English. For calculation problems, please provide your answers in a full sentence. If your answers are too terse or your sentences unclear, I will not give you **full** credit. I distribute or post answers to all HW, and I review selected HW problems in class. Please turn in all HW before class time on the day it is due. I do **not** accept late HW.

- If you are doing HW with someone else, you must **acknowledge** it in writing.
- If you fail to do the HW, your final grade will be two fractions of a grade lower. Moreover, you will struggle with the exams, which will endanger your grade.

To practice your writing and to stay abreast of the news, I assign 4 **articles** that are related to a topic we cover in class. Your task is to link the major points in the article with the class material. Each article is worth 1% of your grade.

For a **project** assignment, find a company you wish to evaluate and access its Annual Report. Keeping with the writing intensive nature of the course, part of your grade will be determined by the quality of your writing. Part I of the project is due with Chapter 5

HW and must be taken to the Writing Center before you turn it in. Part II is due before Spring Break. Part III is due with Chapter 11 HW and Part IV with Chapter 12 HW. I offer extensions, but unlike previous years, there are no rewrites. All parts of this assignment will be posted on *Blackboard*.

There will be an **exam** every three to four chapters. I provide all necessary formulas on the board or on a handout. Because this is a writing intensive course, each exam will have several short essays, and part of the grade will depend on the quality of your writing. The **last** exam is during finals week and is given according to the college exam schedule. I offer either a cumulative **final** exam from Chapters 1-10 & 12 or an hourly exam from Chapters 11-14. The final exam focuses on the class objectives listed above; I distribute the topics beforehand. If you take both exams, I drop the lowest exam grade.

I give **make-ups** only in exceptional circumstances and in verifiable medical emergencies. When you find yourself in such a situation, please let me know as soon as possible. My e-mail address and phone numbers are listed above.

A tentative meeting to review some basic writing guidelines is scheduled for Monday, January 30 at 7 P.M. You are responsible for attending.

Tentative exam dates:*

Exam 1:	February 8/9 (Wednesday/Thursday)
Exam 2:	March 1/2 (Wednesday/Thursday)
Exam 3:	April 3/4 (Monday/Tuesday)
Exam 4:	May: Final Exam Time
Final Exam:	May: Final Exam Time

*We may have a common exam on Tuesdays.

Expectations:

Some of you may find finance a bit challenging, but all of you can earn a good grade. All that you need is diligence and dedication. For every hour of class time, you should study an additional two hours. You must read the book and do the homework regularly and study the homework assignments before each exam. I give evening reviews to help you, and I encourage you to see me during office hours, both alone and in groups. To ease your HW and exam preparation, I post lectures and assignments on *Blackboard*. I also encourage you to use the self-test exercises that are provided on the text website, www.mhhe.com/rwj.

URL: <http://highered.mcgraw-hill.com/sites/0072510765/sitemap.html>

Grading:	Articles.....	4%
	Homework.....	6%
	Projects.....	18%
	Four Exams.....	72%

Grading Scale:

	93 - 100: A	90 - 92.99: A-
87 - 89.99: B+	83 - 86.99: B	80 - 82.99: B-
77 - 79.99: C+	73 - 76.99: C	70 - 72.99: C-
67 - 69.99: D+	63 - 66.99: D	60 - 62.99: D-
		00 - 59.99 : F

Attendance Policy:

Attendance does not enter your grade directly, but it has a large impact indirectly. I urge you to come to class regularly! Attendance allows you to participate and to learn from your classmates. Listening to lectures and reading the text reinforce one another.

Academic Honesty Policy:

I encourage you to study in groups and to discuss all homework, but you **must** write your own answers. If you are doing HW with someone else, you must acknowledge it in writing. If you work in groups on projects, acknowledge it, yet provide the same answers, I will give you zero points for all same answers.

If you copy your answers from another student or from existing handouts, or if you let another student copy from you, you will receive zero for the whole HW assignment. If a student asks you for a copy of your HW, do not give it to him/her. If you copy an exam answer from another student, you will receive zero on the exam.

Beware of plagiarism! You are not allowed to lift phrases from the original without attribution. Since you are summarizing articles and some historical information for your project, it is very tempting to merely rephrase the original document, but that is still plagiarism. Try to rethink and reformulate the information in your own words. If this is too complicated, you must use quotation marks if you lift **three** or more words from the original. (My standard is strict, but it provides good practice for using quotes.) If you plagiarize, you earn zero on the assignment.

Please read the section "Academic Honesty" in the Student Handbook. Repeated academic dishonesty results in failure for the course.

Schedule:

<u>Week of:</u>	<u>Topics</u>	<u>Text</u>
Jan. 16	Introduction to Financial Management Creating Value (Art 1) To the Barricades (Art 2) Financial Statements & Taxes	Chapter 1 Goizueta Surowiecki Chapter 2
Jan. 23	Working with Financial Statements Time Value of Money	Chapter 3 Chapter 4

	Money can't buy LOVE Park	Enquirer
Jan. 30	Time Value of Money Discounted Cash Flow Valuation	Chapter 4 Chapter 5
Feb. 6	Review Exam 1 (2-8/9-05)	Chapters 1-4 Chapters 1-4
Feb. 13	Discounted Cash Flow Valuation Interest Rates and Bond Valuation	Chapter 5 Chapter 6
Feb. 20	Equity Markets and Stock Valuation	Chapter 7
Feb. 27	Review Exam 2 (3-1/2-06)	Chapters 5-7 Chapters 5-7
March 6	Spring Break	
March 13	Investment Criteria	Chapter 8
March 20	Investment Decisions	Chapter 9
March 27	Capital Market History Review	Chapter 10 Chapters 8-10
April 3	Exam 3 (4-3/4-06) Risk and Return	Chapters 8-10 Chapter 11
April 10	The Cost of Capital	Chapter 12
April 17	Easter Monday Leverage and Capital Structure	Chapter 13
April 24	Dividends and Dividend Policy Review	Chapter 14 Chapters 11-14
May 1	Exam 4 and/or Final Exam	Chapters 1-14

The syllabus is subject to change.

Part I of the Project is attached!