

Moravian College  
Department of Business and Economics  
**MGMT/ECON 231: Managerial Finance**  
Fall 2006

**Instructor:** Dr. Linda L. Ravelle

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**Office Hours:** M & W 1:00 – 2:00 PM  
T & Th 2:30 – 3:30 PM  
Also by appointment

**Prerequisites:** ECON 152, ECON 156, ACCT 157

**Textbook:** Ross, Westerfield, and Jordan, *Essentials of Corporate Finance*, 5/e, McGraw-Hill/Irwin, 2007.

**Textbook Web Site:** [www.mhhe.com/rwj](http://www.mhhe.com/rwj) This web site contains an Online Learning Center (OLC) with additional study and teaching aids created for this textbook.

**Course Objectives:** This course is designed to enhance your understanding of basic financial concepts, such as time value of money, financial statement analysis, and risk measurement, and to help you understand how to incorporate these concepts into an analysis of the major long-term investment, financing, and dividend decisions made by financial managers. The course uses lectures, class discussion, assignments and exams to help you develop the skills necessary to accomplish these objectives. This course is writing-intensive, and you will learn how to write in a manner that will enhance the decision-making process.

**Grades:** The final course grade will be calculated according to the following formula:

Three exams:	50%
Assignments:	25%
Project:	15%
Attendance and Participation:	10%

**Exams:** You will take two midterm exams and one final exam. The highest exam grade will be worth 20% and the two lowest exam grades will be worth 15% each. Midterm exam dates are noted on the syllabus and will not be changed. The final exam will be administered during the final exam period (Dec 13<sup>th</sup> – 16<sup>th</sup>, 18<sup>th</sup>, and 19<sup>th</sup>), on a date and time assigned by the registrar later in the semester. Exams consist of problems, essays, and short answer questions. Formula sheets (copied from KEY EQUATIONS found in Appendix B of the textbook) and tables will be provided but you must bring calculators to all exams. Please learn how to use your calculator before you take an exam. You can NOT share calculators. Makeup exams are given only in EMERGENCY situations and are different than the original exam. Cell phones cannot be used as calculators and must be turned off and kept out of sight during all exams.

**Project:** This project is designed to help you apply financial principles learned in the classroom to the analysis of an actual company, as well as to initiate you into the writing and research conventions used in the disciplines of Economics and Management. The project will be developed through the writing process, from multiple drafts to a finished paper. You must submit the drafts of the project at the beginning of class on the due dates listed in the syllabus. The final paper must be submitted a folder that includes both rough drafts at the beginning of class on the due dates listed in the syllabus. The grade on each paper will be determined by both the work you do before the finished paper and the quality of the finished paper. Each missing pre-writing or draft assignment will reduce the overall paper grade by one letter grade. A detailed description of the project will be distributed in class.

**Assignments:** The end-of-chapter assignments are listed in the following pages alongside an associated date, chapter and topic (CT: Critical Thinking, QP: Questions and Problems, WE: Web Exercises). These assignments must be turned in upon completion of the relevant chapter on due dates announced in class. The assignments will be graded, and homework turned in late (after the class period in which they are due) will be penalized one letter grade per day late. Missing assignments will receive a zero, which can significantly lower your overall assignment grade. Assignments may be changed or deleted, as announced in class. If you miss class you are responsible for finding out about due dates and changes in assignments. Failure to attend class is NOT a valid excuse for turning in assignments late. You should SHOW ALL WORK on the assignments and provide complete, well-written explanations of your answers when appropriate. Please put all answers in your own words. HELPFUL HINTS: Answers to the odd-numbered problems can be found in Appendix C at the end of the textbook. If you do not understand an assigned even-numbered problem, try a similar odd-numbered problem first. Also feel free to ask me questions about these assignments in person or via email, but be sure to do so well in advance of the due dates!

**Attendance and Participation:** Attendance is mandatory and I take attendance at the beginning of each class. You should read the chapters and try to do the self-test problems before coming to class so that you can participate in class discussions.

**Honesty:** All students are expected to adhere to the College's Policy on Academic Honesty as outlined in the Student Handbook. Students who violate the policy must accept the consequences dictated by this policy. If you have any questions about this policy, please see me.

**Classroom Behavior:** Please be considerate. Do not arrive late, leave early, or walk out during class. Turn off cell phones before coming to class. Do not engage in personal conversations during class and respect your fellow classmates' opinions.

**Caveat:** I will make every effort to cover the material outlined in the following pages of this syllabus. However, unexpected events may cause the delay or removal of some material. These changes will be announced in class.

<u>DATE</u>	<u>CH</u>	<u>TOPIC</u>	<u>ASSIGNMENT</u>
Aug 29	1	Introduction to Financial Management	CT: 13,14
31		CLASS CANCELLED	
Sept 5	2	Financial Statements	QP: 2,14,16,22
7			
12	3	Working with Financial Statements	Mini Cases 1 & 2 (add DuPont identity to 2)
14			
19	4	Introduction to Valuation: Time Value of Money	CT: 8 QP: 6,8,10,12,14,16,18,20,24
21	5	Discounted Cash Flow Valuation	CT: 3,4 QP: 30,32,34,36,46,50,52,54
26			
28		EXAM I	
Oct 3	6	Interest Rates and Bond Valuation	CT: 8,15 QP: 2,6,12,18,20,22 WE: 1,3
5		CLASS CANCELLED	
10		FALL BREAK	
12			1 <sup>st</sup> Draft of Project
17	7	Equity Markets and Stock Valuation	CT: 4,6,11 QP: 2,8,10,12,14,16,20 WE: 2,5
19			
24	8	Net Present Value and Other Investment Criteria	QP: 2,4,10,14,20,24,26
26			

<u>DATE</u>	<u>CH</u>	<u>TOPIC</u>	<u>ASSIGNMENT</u>
Oct 31	9	Making Capital Investment Decisions	CT: 7,8,9 QP: 2,4,20,24,Mini Case
Nov 2			
	7	EXAM II	
	9 10	Lessons from Capital Market History	CT: 8 QP: 4,6,18,20
14			
16	11	Risk and Return	CT: 1,9,10 QP: 2,6,10,24,26,32 WE: 1,3
21			2 <sup>nd</sup> Draft of Project
23		THANKSGIVING BREAK	
28	12	Cost of Capital	CT: 1,5,6 QP: 2,4,6,12,16,18,28
30			
Dec 5	13	Leverage	CT: 5,9 QP: 4,6,8,16
	7		Project Due