

Moravian College  
Department of Economics and Business  
**ECON/MGMT 231: Managerial Finance**  
Fall 2014 (M W 2:35-3:45)

Instructor: Eva Marikova Leeds, Ph.D., Professor  
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Office Hours: M W 4:00-5:30 and by appointment

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

**Text:** Stephen Ross, Randolph Westerfield, and Bradford Jordan, *Essentials of Corporate Finance*, McGraw-Hill, 2011, 8<sup>th</sup> edition. Please bring it to class every day!

**Objectives:** This course is a standard introduction to the two major decisions facing a financial manager, which are the choices of long-term investments and their financing. You will

- Master time-value-of-money computations
- Use discounting to price bonds and stocks
- Evaluate the profitability of real projects and thus *capital budgeting* policy
- Determine the cost of capital and an appropriate *capital structure* policy

**Requirements:**

**Homework** is due every time we finish a chapter or read an article. Doing homework is the best way to learn the material—and some homework problems are on the exams!

Every typed and completed homework counts for 0.5% of your grade, up to 8%; it is not graded. I post answers to all HW on BB, and I review selected HW problems in class.

- Make **two** copies of HW 5, 9, and 13 so you can turn one in and keep the other.
- On every HW, write the names of **all** people that assisted you or whom you helped.
- Turn in all HW before class time on the day it is due. I do not accept **late** HW.

One **article** assignment: Find a recent, medium-length finance **article** related to the class material and analyze it using the material we have covered. Excellent sources are *The Economist* and major newspapers, such as *The Wall Street Journal* and *The New York Times*. You have a choice of finding an article that is related to chapters 1-5 (due after the first exam) or 6-10 (due with HW for Chapter 10). The assignment is worth 4% of your grade; specific instructions along with an example will be posted on Blackboard.

A four-part **project**, worth 24% of your grade, is posted on *Blackboard*. You choose a company covered by *Value Line*. Then you use publicly available financial information to describe (I) and evaluate (II) the performance of this company, compute its beta (III), and find its cost of capital (IV). See the course schedule for due dates.

There are three **exams** during the semester. (I provide all formulas on a handout.) I also offer an optional final exam to replace your lowest exam grade. There are **no make-up exams**. If you miss one of the three exams, you must take the final exam. You are not allowed to use **phones** or **leave** the classroom during an exam. Doing so results in zero points on the exam. **Calculators** are permitted.

Exam **dates:**           Exam 1:       September 17 (Wednesday)  
                                   Exam 2:       October 27 (Monday)  
                                   Exam 3:       November 24 (Monday)  
                                   Final Exam:   December 10, 1:30 PM (Wednesday)

You must **keep** all materials (HW, article assignment, projects, and exams) that I have checked until you receive your final grade—especially those that you may revise.

**Expectations:** Some of you may find finance challenging, but all of you can earn a good grade. You must read the book, do the homework regularly, and study the homework assignments before each exam. 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*. Please check the site before each class!

	Time per week	Hours in 14 weeks
In-class time		34
Syllabus review		1
Reading text	3	42
HW	3	42
Reading <i>The Wall Street Journal</i>	1	14
Article Assignments		10
Project		26
Evening Reviews		4
Final Exam		<u>3</u>
<b>Total</b>		<b>176</b>

**Grade:**                   Homework.....8.0%  
                                   Article..... 4.0%  
                                   Project.....24.0%  
                                   Three exams.....64.0%

**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

I **curve** the exams unless half the class earns As and Bs.

**Attendance Policy:**

I urge you to come to class regularly! Attendance does not enter your grade directly, but it has a large impact indirectly. It allows you to participate, learn from your classmates, and get a better sense of what is important. Moreover, the lectures and the text reinforce one another.

**Academic Honesty Policy:**

I encourage you to study in groups, but you must write your own answers **and** list all group members. If your group has the same answers, the whole group shares one credit. If you copy from the web, existing handouts, or other students, or if you let another student copy from you, you will receive **zero** for the whole HW assignment or exam. Note that the punishment is the same for both parties. In case of HW, I offer this advice: If a student asks you for a copy of your HW, do not give it to him/her. Be nice and agree to offer verbal help.

Beware of **plagiarism!** If you are:

- Lifting phrases (**three** CONSECUTIVE words or more) from a printed medium or the web, use quotation marks and cite the source properly. For example, “[c]orporate **finance** is an area of [finance](http://en.wikipedia.org/wiki/Corporate_finance) dealing with the financial decisions [corporations](http://en.wikipedia.org/wiki/Corporate_finance) make and the tools and analysis used to make these decisions. The primary goal of corporate finance is to [maximize corporate value](http://en.wikipedia.org/wiki/Corporate_finance) while reducing the firm's financial [risks](http://en.wikipedia.org/wiki/Corporate_finance).”  
[http://en.wikipedia.org/wiki/Corporate\\_finance](http://en.wikipedia.org/wiki/Corporate_finance)
- Lifting words from the **textbook** (including definitions), use quotation marks and provide the page number. You do not need a full citation - just note the page number.
- Providing **figures**, you must cite a source. For example: “The Federal Reserve on Wednesday agreed to keep a key short-term rate near zero until the 7.7% unemployment rate is 6.5% or lower.” (<http://www.usatoday.com/story/money/business/2012/12/12/fed-buys-treasuries/1762459/>).
- Changing **a few words** in the original and reporting it as your own work, STOP! You are plagiarizing.

If you do not follow the above rules, you will get **zero** for the HW or assignment.

### Special Accommodation:

Students who wish to request accommodations in this class for a disability must contact Ms. Elaine Mara, assistant director of academic support services for academic and disability support, at the lower level of Monocacy Hall, or by calling [610-861-1401](tel:610-861-1401). Accommodations cannot be provided until authorization is received from the Academic Support Center.

### Schedule:

Week of:	Topics	Text
Aug. 25	Introduction to Financial Management <a href="http://en.wikipedia.org/wiki/Corporate_inversion">http://en.wikipedia.org/wiki/Corporate_inversion</a> Financial Statements & Taxes	Chapter 1 Chapter 2
Sept. 1	Working with Financial Statements Time Value of Money	Chapter 3 Chapter 4
Sept. 8	Discounted Cash Flow Valuation Data for Project Part I (9-10-14)	Chapter 5
Sept. 15	Review Exam 1 (9-17-14)	Chapters 1-5 Chapters 1-5
Sept. 22	Interest Rates and Bond Valuation Article (9-22-14)	Chapter 6

	Project Part I (9-24-14)	
Sept. 29	Equity Markets and Stock Valuation	Chapter 7
Oct. 6	Investment Criteria	Chapter 8
Oct. 13 (1 class)	Fall Break Investment Decisions Project Part II (10-15-14)	Chapter 9
Oct. 20	Investment Decisions Review	Chapter 9 Chapters 6-9
Oct. 27	Exam 2 (10-27-14) Capital Market History Class speaker: Tom Ortwein, founder and managing partner of Highbrace Partners	Chapters 6-9 Chapter 10
Nov. 3	Article (11-03-14) Risk and Return	Chapter 11
Nov. 10	Cost of Capital Data for Project Part III (11-12-14)	Chapter 12
Nov. 17	Leverage and Capital Structure Project Part III (11-19-14) Review	Chapter 13 Chapters 10-13
Nov. 24 (1 class)	Exam 3 (11-24-14) Thanksgiving Break	Chapters 10-13
Dec. 1	Leverage and Capital Structure Project Part IV Review	Chapter 13 Chapters 5, 8, 12, and 13
Dec. 10	Final Exam (Wednesday, 1:30 PM)	Chapters 5, 8, 12, and 13

You are responsible for following all rules stated on this syllabus

The syllabus is subject to change