

Moravian College
Department of Economics and Business
ECON/MGMT 231: Managerial Finance
Spring 2015 (T R 2:35-3:45)

Instructor: Eva Marikova Leeds, Ph.D., Professor
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Office Hours: M 4:00-5:30, T 10:30-12:00, 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, 8th edition. Please bring it to class every day!

Objectives: This course is a standard introduction to the two major long-term decisions facing a financial manager. 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 neat and completed homework counts for 0.5% of your grade, up to 7%; it is not graded. . I post answers to all HW on BB, and I review selected HW problems in class.

- On every HW, write the names of all people that assisted you or whom you helped.
- Place a hard copy of your HW on my **desk** at the beginning of class. I do not accept e-mailed or 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 3% 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 must choose a company that has issued debt and is 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.) 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 room during an exam. Doing so yields zero points on the exam. **Calculators** are permitted.

Exam **dates:** Exam 1: February 12 (Thursday)
 Exam 2: March 26 (Thursday)
 Exam 3: April 23 (Thursday)
 Final Exam: May 5, 8:30 PM (Tuesday)

You must **keep** all materials (HW, reading assignment, projects and exams) that I have checked until you receive your final grade.

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
Reading Assignment		10
Project		26
Evening Reviews		4
Final Exam		<u>3</u>
Total		176

Grade:

Homework.....	7.0%
Article.....	3.0%
Project.....	24.0%
Three exams.....	66.0%

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](#) dealing with the financial decisions [corporations](#) make and the tools and analysis used to make these decisions. The primary goal of corporate finance is to [maximize corporate value](#) while reducing the firm's financial [risks](#).”
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 in this case.
- Providing **figures**, you must cite a source. For example: “Total nonfarm payroll employment increased by 321,000 in November [2014], and the unemployment rate was unchanged at 5.8 percent, the U.S. Bureau of Labor Statistics reported today.”
<http://www.bls.gov/news.release/empsit.nr0.htm>
- 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 should contact Ms. Elaine Mara, Assistant Director of Academic & Disability Support, located on the first floor of Monocacy Hall (610-861-1401). Accommodations cannot be provided until authorization is received from the Academic & Disability Support office.

Schedule:

<u>Week of:</u>	<u>Topics</u>	<u>Text</u>
Jan. 19	Introduction to Financial Management http://en.wikipedia.org/wiki/Corporate_inversion Financial Statements & Taxes ODE talk: Chris Skorton	Chapter 1 Chapter 2
Jan. 26	Working with Financial Statements Time Value of Money	Chapter 3 Chapter 4
Feb. 2	Discounted Cash Flow Valuation Data for Project I (2-05-15)	Chapter 5
Feb. 9	Review	Chapters 1-5

	Exam 1 (2-12-15)	Chapters 1-5
Feb. 16	Interest Rates and Bond Valuation Article 1 (2-17-15) Project I (2-19-15)	Chapter 6
Feb. 23	Equity Markets and Stock Valuation Dividends and Dividend Policy	Chapter 7 Chapter 14 (parts)
March 2	Investment Criteria Project II (3-05-15)	Chapter 8
March 9	Spring Break	
March 16	Investment Decisions	Chapter 9
March 23	Review Exam 2 (3-26-15)	Chapters 6-9 Chapters 6-9
March 30	Capital Market History Article (3-31-15)	Chapter 10
April 6	Risk and Return Data for Project III (4-09-15)	Chapter 11
April 13	Cost of Capital Project III (4-14-15)	Chapter 12
April 20	Review Exam 3 (4-23-15)	Chapters 10-12 Chapters 10-12
April 27	Leverage and Capital Structure Project IV (4-28-15) Review	Chapter 13 Chapters 5, 8, 12, and 13
May 5	Final Exam (8:30 PM)	Chapters 5, 8, 12, and 13

You are responsible for following all rules stated on this syllabus

The syllabus is subject to change

(January 19, 2015)