

AUGSBURG COLLEGE

FIN 331A

FINANCIAL MANAGEMENT

WEC Fall 2007

Instructor: Professor Rosanne Malevich
Dept. of Business Administration
Office: Memorial Hall #317A
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Class: 6:00 pm to 9:30 pm alternate Fridays

Office Hrs: Before class, as needed. Also by appointment.

Course Pre-requisites:
Econ 112 or 113, ACC 221, and MPG 3

Course Rationale and Objective:

A business firm today needs expertise in Accounting, Finance, Marketing, Management, Information Technology and Economics in order to be successful. An individual or a family also requires some tools to successfully manage their personal finances. This course, a core requirement for all Business Majors, is an introduction to Fundamentals of Financial Management. The concepts and analytical tools in the course are discussed basically with reference to the business world, but many are also applicable to personal financial management.

On completion of the course, you will understand the financial environment in which a business firm operates, and the assumptions, tools and techniques used in financial decision making. Among the topics you should understand are: Analysis of Financial Statements, Time Value of Money, Security Valuation, Cost of Capital and Capital Budgeting.

Text: Required: Essentials of Corporate Finance, 5th Edition, Ross, Westerfield, Jordan, Irwin McGraw Hill, 2007.
The Student Problem Manual is optional.

This is a difficult, highly quantitative course and requires heavy use of algebra. If you consider yourself deficient in solving equations, please brush up on algebra. The text suggests the use of a financial calculator for problem solving. **You will need a financial calculator for this class; the Texas Instruments BA II Plus is highly recommended.** The instructor uses a Texas Instrument BA II Plus. Also, many lecture problems will be demonstrated using a TI BA II Plus. You may also use excel spreadsheets to solve some of the problems.

This course requires more study time than the average class and since there is a lot of material to be covered, the pace is fast. The number of hours you need to study depends on your background in general and your analytical and quantitative skills in particular. Based on your grade expectations, only you can determine

how many hours a week you need to devote to this class. It is recommended that you set aside a minimum of 3 hours study time for each one hour of class time, each week. Most important requirement is that you have regular study hours each week, come to class having read the material on your own, and seek immediate help, chapter by chapter, as you discover your own difficulties.

Attendance: Regular class attendance is required. A valid excuse for class absence must be provided, in advance, if possible. You must complete the work for a missed class on your own.
There will be no make-up quizzes unless prior permission has been granted.

Internet: You are encouraged to use the World Wide Web as a resource.
Text Web site: <http://www.mhhe.com/rwj>

Academic Honesty:
It is assumed that the student has read and understood the Augsburg College Academic Honesty Policy. The policy will be strictly enforced.

Evaluation Criteria:
There will be six quizzes during the term and a final exam administered during the last class period. Only the final exam will be cumulative.
Although homework will not be handed in for a grade, understanding the homework problems will be key to doing well on the quizzes.

6 Quizzes	65%
Class Participation	10%
Final Exam	<u>25%</u>
	100%

4.0 Achieves the highest standards of excellence	92% or more
3.5	87% - 91%
3.0 Achieves above basic course standards	82% - 86%
2.5	77% - 81%
2.0 Meets basic standards of the course	72% - 76%
1.5	67% - 71%
1.0 Performance below course standards	62% - 66%
0.5	57% - 61%
0.0 Unacceptable performance for course credit	Below 57%

For each class you should read the assigned chapters and attempt end-of-chapter problems before coming to class. Class time will focus on text materials and problems that you find difficult to solve on your own.

Note: Changes/additional assignments may be made.

NOTE: QUIZZES ARE GIVEN AT THE END OF THE CLASS.

<u>FRIDAY</u>	<u>Chapter Assignment</u>
September 7, 2006	Course Introduction Ch. 1 Introduction to Financial Management Ch. 2 Financial Statements, Taxes and Cash Flow Ch. 3 Working with Financial Statement
September 21	Ch. 4 Introduction to Valuation: Time Value of Money Ch. 5 Discounted Cash Flow Valuation <u>Quiz 1 Chapters 1 to 3</u>
October 5	Ch. 6 Interest Rates and Bond Valuation Ch. 7 Equity Markets and Stock Valuation <u>Quiz 2 Chapters 4 and 5</u>
October 19	Ch. 8 Net Present Value and other Investment Criteria Ch. 9 Making Capital Investment Decisions <u>Quiz 3 Chapters 6 and 7</u>
November 2	Ch. 10 Capital Market History Ch. 11 Risk and Return <u>Quiz 4 Chapters 8 and 9</u>
November 16	Ch. 12 Cost of Capital Ch. 13 Leverage and Capital Structure <u>Quiz 5 Chapters 10 and 11</u>
November 30	Ch. 14 Dividends and Dividend Policy Ch. 16 Short-term Financial Planning <u>Quiz 6 Chapters 12 and 13</u>
December 7, 2006	<u>Comprehensive Final Examination</u>

Homework Assignments:

Chapter 1	CR: 2 – 5, 7, 9
Chapter 2	CR: 2 – 4, 7 Prob: 1, 2, 5, 8, 11, 12, 13, 22
Chapter 3	CR: 6, 9 Prob: 18, 34, 35, 37, 39
Chapter 4	Prob: 8, 9, 11, 12, 16, 17, 21, 22, 23, 24
Chapter 5	Prob: 2, 6, 9, 10, 12, 17, 19, 20, 22, 23, 32, 34, 44
Chapter 6	CR: 1, 2, 6, 8, 15 Prob: 2 – 8, 10, 11, 14, 15, 17
Chapter 7	CR: 1, 2, 4, 6, 7 Prob: 2 – 5, 7, 8, 12, 13, 15, 23
Chapter 8	CR: 2, 5, 6, 12 Prob: 2, 5, 6, 11, 12, 13
Chapter 9	CR: 1, 2, 5, 10 Prob: 2, 4, 6, 9, 10, 13, 16
Chapter 10	CR: 3, 4, 7 Prob: 1, 2, 4, 9, 10, 14, 17, 19
Chapter 11	CR: 1, 3, 4, 6, 7, 10 Prob: 2, 5, 10, 11, 13, 14, 17, 19, 27
Chapter 12	CR: 1, 3, 5, 6, 7, 9, 10 Prob: 1, 3,, 7, 9, 11, 15
Chapter 13	CR: 1 – 7, 10 Prob: 1, 2, 4, 5, 10, 14, 15
Chapter 14	CR: 1, 2, 4, 7 Prob: 1, 4, 6, 10, 13
Chapter 16	CR: 1 – 3 Prob: 1, 3, 5, 7

CR: Critical Thinking and Concept Review questions found at the end of the Chapter
Prob: The Problems found at the end of the Chapter

