

## AUGSBURG COLLEGE

FIN 331A

FINANCIAL MANAGEMENT

WEC Spring 2008

Instructor: Professor Rosanne Malevich  
Dept. of Business Administration  
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Class: 6:00 pm to 10:00 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, 6th Edition, Ross, Westerfield, Jordan, Irwin McGraw Hill, 2008.  
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.

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 attendance is vital for full participation in and benefit from this learning experience. If you must miss a class, you are responsible for notifying the professor in advance and you are responsible for getting any handouts and otherwise catching up on the materials missed.

If you must miss a test, you are responsible for notifying the professor via email at least one week prior to the scheduled test. After the test make-up date and time has been agreed to (between you and the professor), send another email stating your intentions to take the test at the agreed upon time/date. "No shows" will get a score of "0".

If illness or injury prohibits you from taking a test, email the professor as soon as possible, prior to the exam. If you miss the test, without any prior correspondence, a medical note will be required indicating that you were incapacitated and not able to send an email.

Summary: With the exception of a medical emergency, no make-up tests will be granted without prior arrangements.

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 are expected to read the assigned chapters and attempt end-of-chapter problems before coming to class. Class time will focus on text materials and demonstrating problem-solving techniques/approaches. Homework solutions will be posted on Moodle following the lecture on the chapter.

Note: Changes/additional assignments may be made.

<u>Friday</u>	<u>Chapter Assignment</u>
April 11, 2008	Course Introduction Ch. 2 Financial Statements, Taxes and Cash Flow (Review) Ch. 3 Working with Financial Statements (Review) Ch. 4 Introduction to Valuation: Time Value of Money Ch. 5 Discounted Cash Flow Valuation
April 25	Ch. 6 Interest Rates and Bond Valuation Ch. 7 Equity Markets and Stock Valuation <u>Quiz 1 Chapters 2, 3, 4, 5 (emphasis on 4 and 5)</u>
May 9	Ch. 8 Net Present Value and other Investment Criteria Ch. 9 Making Capital Investment Decisions <u>Quiz 2 Chapters 6, 7</u>
May 16	Ch. 10 Capital Market History Ch. 11 Risk and Return <u>Quiz 3 Chapters 8 and 9</u>
May 30	Ch. 12 Cost of Capital Ch. 13 Leverage and Capital Structure <u>Quiz 4 Chapters 10, 11</u>
June 6	Ch. 16 Short-term Financial Planning Final Exam Review <u>Quiz 5 Chapters 12 and 13</u>
June 20	<u>Comprehensive Final Examination</u>

## Homework Assignments:

Chapter 2	CR: 2 – 4, 7 Prob: 1, 2, 3, 4, 5
Chapter 3	CR: 6, 7 Prob: 34, 35
Chapter 4	Prob: 8, 9, 11, 12, 16, 17, 20, 21, 22, 23, 24
Chapter 5	Prob: 2, 6, 9, 10, 12, 16, 17, 19, 20, 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, 21
Chapter 8	CR: 2, 5, 6, 12 Prob: 2, 3, 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, 14, 17, 19
Chapter 11	CR: 1, 3, 4, 6, 7, 10 Prob: 2, 5, 10a, 13, 14, 15, 16, 17a, 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, 12, 13
Chapter 16	CR: 1 – 3 Prob: 1, 3, 6, (7, 9, 11, 12)

**CR:** Critical Thinking and Concept Review questions found at the end of the Chapter

**Prob:** The Problems found at the end of the Chapter