

McCoy College of Business Administration
TEXAS STATE UNIVERSITY-San Marcos
Department of Finance and Economics
FIN 5387
Managerial Finance
Spring 2009

INSTRUCTOR: William T. Chittenden, Ph.D., CTP **TEL:** 512-245-9655
OFFICE: MCOY 504F
OFF. HOURS: 8:30 – 10:30 a.m. Tues. & Thurs. **E-MAIL:** chittenden@txstate.edu
5:15 – 6:15 p.m. Thurs. **WEB:** www.business.txstate.edu/users/wc10
Drop in or by appointment

COURSE DESCRIPTION:

This course is designed to reinforce and apply the principles and concepts of short-term and long-term financial management. The course utilizes lectures and class discussion in examining financial decision making from the perspective of upper management. Topics covered include risk and return, time value of money, security valuation, & capital budgeting, capital structure, and dividend policy.

COURSE MATERIALS:

- Berk, Jonathan and Peter DeMarzo, Corporate Finance: Theo Core, 1st edition, Pearson/Prentice Hall, 2009, (Required.)
- Berk, Jonathan and Peter DeMarzo, MyFinanceLab (Electronic Supplement), Pearson/Prentice Hall. Access code is provided with a new text book or may be purchased separately at http://www.myfinancelab.com/student_wizard.php. (Required)
- A financial calculator (Required by class on 1/29/2009. I recommend the HP 10BII.)
- *The Wall Street Journal* (Required.)
- Lecture Notes available on the Schedule & Notes page of the course website (Highly Recommended.) Note: Most course material is password protected. The password is on the hard copy of the syllabus distributed in class.

LEARNING OBJECTIVES:

Upon completing this course, the student should be able to:

- Be able to apply time value of money techniques to value stocks and bonds.
- Be able to explain the concepts of risk and return, in both an individual and portfolio context.
- Understand the various components of capital and be able to calculate a firm's weighted average cost of capital.
- Be able to evaluate cash flows for use in capital budgeting, firm valuation, and other financial decision-making.
- Understand the effects of dividend policy and capital structure on firm value.

SKILLS AND KNOWLEDGE YOU ARE EXPECTED TO BRING INTO THIS COURSE:

- Understand the goal of the firm.
- Understand how to read a balance sheet and income statement.
- Understand the difference between cash flow and profit.
- Understand the fundamental relationship between risk and return.

PREREQUISITES:

- FIN 5307: Financial Concepts and Analysis or equivalent undergraduate hours
 - Given the prerequisite, it is assumed you have the basic financial skills required for this course. If your financial skills have faded or are lacking, it is your responsibility to get up to speed.

COURSE POLICIES:

A. INSTRUCTIONAL METHODOLOGY:

This class will use lecture and class discussion. The lectures are designed to be practical and interactive. You should check your Texas State email account on a regular basis in order to receive important class information from the instructor.

B. ATTENDANCE & CLASS PARTICIPATION:

Class attendance and participation are expected and required. The class will not be strictly lecture oriented. A portion of the class will be devoted to a discussion of the textbook, WSJ material, and homework problems that will be assigned. You are expected to keep up with the class material and participate in class discussions each class period. Each student is expected to contribute to class discussion by asking and answering questions and presenting analysis in class. It is expected that each student come to class prepared to participate in class discussion.

C. COURSE REQUIREMENTS:

Examinations: Three exams will be given during the semester. There will be NO MAKE-UP Exams! Any student missing class on the day an exam is returned will **not** be eligible for any curve that might be given on that exam. Sample exam questions are available to download on the Schedule & Notes page of the course website.

Article Analysis: Each week, each student should bring at least one article from *The Wall Street Journal* that deals with the topics covered in class. Students may be randomly selected to discuss their article. As indicated on the class schedule, each student will turn in an article along with a one to two page typed summary and critical analysis of the article and how it relates to the concepts discussed in class. A total of two article analyses will be required during the semester. See the Schedule & Notes page of the course website for the due dates.

Homework: Homework problems will be discussed in class. The assigned homework problems can be found on the course website. All homework problems must be completed using MyFinanceLab. The homework will be graded by MyFinanceLab. The assigned problems will be similar to those you might see on an exam.

Grade Evaluation:

	Weight	Semester Average	Grade
Exams	60%	90.00 – 100.00%	A
Article Analysis	20%	80.00 – 89.99%	B
Homework	<u>20%</u>	70.00 – 79.99%	C
	100%	60.00 – 69.99%	D
		0 – 59.99%	F

D. COURSE WEBSITE:

Class lecture notes, homework problems, homework solutions, cases, and other important information can be found at the course website, listed above. Most files on the course website are password protected. The password is on the hard copy of the syllabus distributed in class. Access to the website works best when using Microsoft's Internet Explorer. The website does not function properly with many early versions of Netscape.

E. CLASSROOM CIVILITY:

Classroom courtesy is required. The use of cell phones (for talking or texting) and/or laptops during class is strictly prohibited. Ringing cell phones, serial tardiness, talking during lectures or other disruptive activities will not be tolerated.

UNIVERSITY/COLLEGE POLICIES:

- A. **DROP:** Dropping means that the student will remain enrolled in at least one hour in the current semester. A "W" will be automatically assigned if the drop procedure is completed on or before 5:00 p.m. on March 26, 2009. After this deadline the student will be unable to drop the course and will receive the grade earned in the class. It is suggested that students consult the instructor prior to dropping from the class.

WITHDRAWAL: Withdrawal means that the student is going to zero hours for the current semester. A "W" will be automatically assigned if the withdrawal procedure is completed on or before 5:00 p.m. on March 26, 2009. After this deadline, the student may withdraw on or before 5:00 p.m. on April 23, 2009. The student will receive the grade earned in the class.

- B. **ACADEMIC HONESTY:** Submission of any work for a grade for which unauthorized help has been received is termed academic dishonesty and will be grounds for a failing grade in the course. "Unauthorized" is a term used here to designate stealing, copying (with or without permission), collaboration with other individuals, or sharing programming code outside of sanctioned group activities. Students are strongly encouraged to refer to the Texas State student handbook for policies related to academic dishonesty. These policies may be found at <http://www.dos.txstate.edu/TxState-Handbook/Rules-and-Policies.html>. **This instructor views any such act as a clear violation of ethical standards and will take appropriate disciplinary and punitive action.**

- C. **HONOR CODE:** All students are required to abide by the Texas State University honor code. The pledge for students states:

Students at our University recognize that, to insure honest conduct, more is needed than an expectation of academic honesty, and we therefore adopt the practice of affixing the following pledge of honesty to the work we submit for evaluation:

I pledge to uphold the principles of honesty and responsibility at our University.

The complete honor code may be found at <http://www.txstate.edu/effective/upps/upps-07-10-01.html> under attachment I.

- D. **STUDENTS WITH DISABILITIES:** A student with a disability may require an accommodation(s) to participate in the course. They must contact the instructor within the first two weeks of the semester. They will be asked to provide documentation from the Office of Disability Services (ODS) at that time. Failure to contact the instructor in a timely manner will delay any accommodations they may be seeking. Ongoing care by a physician does not automatically qualify you as an ODS special needs student. Students are required to file paperwork for accommodations with ODS each semester. Accommodations granted one semester do not automatically carry forward to the next. See UPPS No. 07.11.01 for additional information.

- E. **FOOD/DRINK:** Please note that NO FOOD is allowed in any McCoy Hall classroom and drinks in CLOSED CONTAINERS are only allowed in classrooms without power and data connections on the tables. NO FOOD OR DRINKS are allowed in any computer classroom.

COURSE OUTLINE

A tentative course outline and schedule is available on the course website.