FINA3310.003
FINANCIAL MANAGEMENT I – Spring 2014

Instructor: Alexandra K. Theodossiou, Ph.D
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Office: O’Connor Building (OCNR) 348
Office Hours: Monday and Wednesday, 9:55-10:55 a.m. and by appointment
Class: OCNR 131, Monday, Wednesday and Friday, 9:00 a.m. to 9:50 a.m.
Class Website: http://bb9.tamucc.edu

Required Materials:
1. Text: Essentials of Corporate Finance, 8th edition, by Ross, Westerfield and Jordan
2. Study Guide is OPTIONAL (if available)
3. Internet Access for Connect™ Finance, Blackboard 9.1, StockTraK - Homework & Quizzes, Project

Additional requirements
4. Financial Calculator (Texas Instrument’s BA II Plus only or any other financial calculator-no scientific calculators will be allowed)
5. StockTrak software, REQUIRED

Prerequisites:
ACTG 2301, ACTG 2302. MATH 1325.

Course Description:
FINA 3310, Financial Management, is an introductory survey of financial management issues and is a business core requirement. The course emphasizes planning and decision making. It covers specific topics such as discounted cash flow analysis, stock and bond valuation, financial intermediation, organizing, raising and managing capital, capital investment, risk analysis, and financial statement analysis. Lectures and class discussion are supplemented with sample problems, and outside readings. Quantitative techniques are introduced to facilitate analysis.

Learning Objectives:
By the end of this course, the students will be able to:
1. Construct a company’s financial statements, calculate financial ratios and make inferences about its financial characteristics and position.
2. Calculate the present and future values of a lump sum or a series of cash flows.
3. Differentiate the characteristics of stocks and bonds and estimate the prices of bonds and stocks
4. Use the Security Market line to measure an asset’s return when given its risk, or vice versa.
5. Understand the Weighted Average Cost of Capital.
6. Calculate Net Present Value, Internal Rate of Return, and determine if an investment is acceptable.
7. Effectively review and prepare for the Major Field Test for business majors.
Relationship to Other Coursework:
Knowledge of the subject matter in this course is a requisite to comprehending advanced financial management concepts contained in FINA 4310, Advanced Financial Management. The principles of financial management form a foundation for concepts in related finance courses including investments, risk management, real estate, and financial markets and institutions.

Instructional Methodology:
Lectures may be supplemented by class discussion, handouts, questions and answer sessions, computer presentations and videos.

Performance Evaluation and Grading:
Four tests and a final exam will be given. The final exam will be cumulative. Test materials will come from lecture notes, the text, assigned readings, homework, and class discussion. Test format is primarily multiple choice; questions will emphasize the understanding and application of concepts and topics covered. All tests are closed books, closed notes. Only a formula sheet will be allowed during examinations. Students will prepare a written project. To facilitate student mastery of financial concepts, problems will be assigned following the discussion of each major topic area. A semester project is required and outside readings may be assigned. Students should prepare for class meetings by studying the assigned text materials and preparing problems and other assignments prior to class.

Grades will be assigned based on the following weights:

<table>
<thead>
<tr>
<th>Component</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 Tests, (100 points each)</td>
<td>400</td>
</tr>
<tr>
<td>Final Exam (Cumulative)</td>
<td>300</td>
</tr>
<tr>
<td>Term Project</td>
<td>100</td>
</tr>
<tr>
<td>Homework (50 points) and Quizzes (50 points)</td>
<td>100</td>
</tr>
<tr>
<td>StockTrak trading and report</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total points</strong></td>
<td><strong>1000</strong></td>
</tr>
</tbody>
</table>

Letter Grades Assignments (tentative)

If your points are

- at least 900  A
- 800 to 899   B
- 700 to 799   C
- 600 to 699   D
- below 600    F

Exam dates will be announced in class. No make-up exams will be administered. If you must miss an exam, notify me in advance and provide written documentation that the absence was an excused University activity, a severe illness, or a dire emergency. Otherwise a zero will be assigned for the exam. Exams are closed books. A formula sheet is allowed, but it will be collected after the exam. To protect the integrity of the test banks employed, exams will not be returned. However, exams are available for review in my office during scheduled office hours for two weeks after the exam. Students are responsible for all material in the assigned readings, handouts, homework, and class presentations.
All assignments are to be turned in at the beginning of the class on their due date unless otherwise instructed. **Late assignments will be penalized for each day they are late.**

**Cell Phone / Pager and Laptop Policy:**
I expect everyone to follow all rules of common courtesy during classroom lecture and discussion. The presence of cell phones and pagers as well as other disruptive items or actions are prohibited in the classroom. Laptops used for any purpose other than class work is prohibited.

**Oral and Written Communication Requirements:**
Students are required to prepare a formal written project for the semester. Effective written communication is also necessary for exams and homework.

**Technological Applications:**
Students are required to use computer applications, computer databases, and online information services for this course. As discussed below case analyses must be performed using electronic spreadsheet. Written presentation must be prepared with word processing software. Use of computer graphics and computer-based audio-visuals is encouraged. Some portions of the project require the use of computer databases and online information services.

**Ethical Perspectives:**
Ethical issues such as wealth expropriation, socially conscious operations, and insider trading are discussed. Agency and other stakeholder conflicts are briefly explored.

**Attendance Policy**
Experience has shown that regular attendance is essential to successful completion of any course. Attendance will be taken at every class meeting.

**Global Perspectives:**
As even small to mid-size firms are now involved in multinational trade and operations, corporate finance is a global activity. While we have a separate course for international finance (FINA 4315), this course introduces international trade, foreign equity and debt issue.

**Political, Social, Legal, Regulatory, and Environmental Perspectives:**
The course will consider the structure, regulation, influence, and role in corporations and markets of a variety of governmental and social entities.

**Time**
Success in this class depends on your ability to correctly work the exam problems. The best way to accomplish this is to practice the sample problems and work the problems at the end of the chapter. A general rule of thumb is that the student should spend at least 3 hours of personal study time for each hour of class instruction. **Exams are hard and some students may not be able to finish the exam if they are not prepared.**

**Academic Honesty:**
University students are expected to conduct themselves in accordance with the highest standards of academic honesty. Academic misconduct for which a student is subject to penalty includes all forms of cheating, such as illicit possession of examinations or examination materials, forgery, or plagiarism (the presentation of the work of another as one’s own work). The University policy of scholastic dishonesty will be strictly followed with no exceptions. Understand that the University definition of scholastic dishonesty will be strictly adhered to and any student caught providing or receiving assistance on an exam will immediately be given a grade of “F” for the course.

This course, and all other courses offered by the College of Business (COB), requires all of its students to abide by the COB Student Code of Ethics (available online at www.cob.tamucc.edu). Provisions and stipulations in the code are applicable to all students taking College of Business courses regardless of whether or not they are pursuing a degree awarded by the COB.

**Americans with Disabilities Act Compliance:**
The Americans with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation requires that all students with disabilities be guaranteed a learning environment that provides for reasonable accommodation of their disabilities. If you believe you have a disability requiring an accommodation, please contact the Disability Services Office at (361) 825-5816 or visit the office in Corpus Christi Hall 116.

If you are a returning veteran and are experiencing cognitive and/or physical access issues in the classroom or on campus, please contact the Disability Services office for assistance at (361) 825-5816.

**Grade Appeals**
As stated in University Rule 13.02.99.C2, Student Grade Appeals, a student who believes that he or she has not been held to appropriate academic standards as outlined in the class syllabus, equitable evaluation procedures, or appropriate grading, may appeal the final grade given in the course. The burden of proof is upon the student to demonstrate the appropriateness of the appeal. A student with a complaint about a grade is encouraged to first discuss the matter with the instructor. For complete details, including the responsibilities of the parties involved in the process and the number of days allowed for completing the steps in the process, see University Rule13.02.99.C2, Student Grade Appeals, and University Procedure 13.02.99.C2.01, Student Grade Appeal Procedures. These documents are accessible through the University Rules Web site at [http://www.tamucc.edu/provost/university_rules/index.html](http://www.tamucc.edu/provost/university_rules/index.html). For assistance and/or guidance in the grade appeal process, students may contact the Office of Student Affairs.

**Dropping a Class**
I hope that you never find it necessary to drop this or any other class. However, events can sometimes occur that make dropping a course necessary or wise. Please consult with me before you decide to drop to be sure it is the best thing to do. Should dropping the course be the best course of action, you must initiate the process to drop the course by going to the Student Services Center and filling out a course drop form. Just stopping attendance and participation WILL NOT automatically result in your being dropped from the class. **Friday, April 11, 2014,** is the last day to drop a class with an automatic grade of “W” this term.
**Major Field Test**
The Major Field Test (MFT) is required for all students pursuing the Bachelor of Business Administration degree and will be administered in the MGMT 4388, Administrative Policy and Strategy course. To prepare for this test, business majors are advised to retain their class notes, textbooks and other relevant materials from this class and the other business core courses and to fine-tune their readiness for the MFT by completing the online MFT review available through the COB website at www.cob.tamucc.edu

### Summary of Topical Coverage:

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
<th>Hours</th>
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<tbody>
<tr>
<td>1</td>
<td>Introduction to Financial Management</td>
<td>2.5</td>
</tr>
<tr>
<td>2</td>
<td>Financial Statements, Taxes, and Cash Flow</td>
<td>3.5</td>
</tr>
<tr>
<td>3</td>
<td>Working with Financial Statements</td>
<td>3.5</td>
</tr>
<tr>
<td>4</td>
<td>Introduction to Valuation: The Time Value of Money</td>
<td>3.0</td>
</tr>
<tr>
<td>5</td>
<td>Discounted Cash Flow Valuation</td>
<td>5.0</td>
</tr>
<tr>
<td>6</td>
<td>Interest Rates and Bond Valuation</td>
<td>4.5</td>
</tr>
<tr>
<td>7</td>
<td>Equity Markets and Stock Valuation</td>
<td>4.5</td>
</tr>
<tr>
<td>8</td>
<td>Net Present Value and Other Investment Criteria</td>
<td>3.5</td>
</tr>
<tr>
<td>9</td>
<td>Making Capital Investment Decisions</td>
<td>4.0</td>
</tr>
<tr>
<td>10</td>
<td>Some Lessons from Capital Market History</td>
<td>2.5</td>
</tr>
<tr>
<td>11</td>
<td>Risk and Return</td>
<td>5.5</td>
</tr>
<tr>
<td>12</td>
<td>Cost of Capital</td>
<td>3.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>45.0</strong></td>
</tr>
</tbody>
</table>

**Important Dates for Spring, 2014**

- January 22, Wednesday: Classes begin
- January 29, Wednesday: Last day to register or add a class
- March 10-14, Monday-Friday: Spring Break
- April 11, Friday: Last day to drop a class
- May 5, Monday: Last day to withdraw from the University
- May 6, Tuesday: Last day of classes
- May 7, Wednesday: Reading Day
- May 8-9, Thursday-Friday and May 12-14, Monday-Wednesday: Final examinations
- May 17, Saturday: Spring Commencement
FINA 3310 – Spring 2014, Preliminary Schedule (subject to change)

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Tentative Dates</th>
<th>Chapter Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chapter 1</td>
<td>January 22, 24</td>
<td>Syllabus, Introduction to Financial Management</td>
</tr>
<tr>
<td>Chapter 2</td>
<td>January 27, 29, 31</td>
<td>Financial Statements, Taxes, and Cash Flow</td>
</tr>
<tr>
<td>Chapter 3</td>
<td>February 3, 5, 7</td>
<td>Working with Financial Statements</td>
</tr>
</tbody>
</table>

TEST # ONE on Monday, February 10, 2014 (quantitative part only, theoretical for 25 minutes will be given on Wednesday, February 12)

| Chapter 4 | February 12, 14, 17     | Introduction to Valuation: The Time Value of Money     |
| Chapter 5 | February 19, 21, 24, 26 | Discounted Cash Flow Valuation                        |
| Chapter 6 | February 28, March 3, 5 | Interest Rates and Bond Valuation                     |
|           | March 10-14              | Spring Break                                          |

TEST # TWO on Friday, March 7, 2014 (quantitative part only, theoretical for 25 minutes will be given on Monday, March 17)

| Chapter 7 | March 17, 19, 21         | Equity Markets and Stock Valuation                    |
| Chapter 8 | March 24, 26, 28         | Net Present Value and Other Investment Criteria       |
| Chapter 9 | March 31, April 2, 4     | Making Capital Investment Decisions                  |

TEST # THREE on Monday, April 7, 2014 (quantitative part only, theoretical for 25 minutes will be given on Wednesday, April 9)

| Chapter 10 | April 9, 11              | Some Lessons from Capital Market History              |
| Chapter 11 | April 14, 16, 18, 21     | Risk and Return                                       |
| Chapter 12 | April 23, 25, 28, 30     | Cost of Capital                                       |

TEST # FOUR Friday, May 2, 2014 (quantitative part only, theoretical for 25 minutes will be given on Monday, May 5)

FINAL EXAM (cumulative, closed books and notes) – To be announced

All assignments are to be turned in at the beginning of the class on their due date unless otherwise instructed. Once accepted, no makeup or redo is allowed.