

FINANCE 3220-003
(Formerly FIN 322)
CRN: 10812
MANAGERIAL FINANCE – I
Winter 2018

Class Meetings

Lecture: 3:00 PM – 4:47 PM, T, R (January 4th – April 19th)
Room: **Elliott Hall 208**

Instructor

Dr. Ranadeb Chaudhuri
Office: 320 Elliott Hall
Office Hours: Wednesday and Thursday 1:30 PM - 2:30 PM and by appointment
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Prerequisites:

((ECN 201 and (ECN 200 or ECN 202)) or ECN 210) and ACC 210 and (MTH 122 or MTH 154) and (STA 225 or STA 226 or QMM 240) with a minimum grade of 2.0 in each course.

Required Material

1. *Fundamentals of Corporate Finance, Eleventh Edition* by Ross, Westerfield, Jordan, McGraw Hill, **ISBN No: 9780077861704**. A Discounted price customized version should also be available at the OU bookstore (**ISBN No: 9781260100259**)
2. Financial calculator: The Texas Instruments BA-II Plus will be used exclusively in class. Students must be able to solve present value, annuity valuation amortization schedules, bond valuation, internal rates of return, and cash flow worksheet problems, all of which will be demonstrated using the TI-BA-II Plus. **IT IS STRONGLY RECOMMENDED THAT YOU USE THIS CALCULATOR SO YOU CAN EASILY FOLLOW CLASS LECTURES.** **Should you choose to use a different financial calculator, you are both expected and required to learn how to program and use the calculator on your own.**

Course Material:

I will post PowerPoint slides, solutions to problems and tests on Moodle. Please check it regularly for any announcements. **Once an announcement is posted on Moodle, I will assume that all students are aware of it.**

Course Purpose and Objectives

This course provides an introduction into business finance topics including the current institutional environment, financial planning, risk and return, capital budgeting and capital structure (including cost of capital). Basic tools necessary for analyzing and interpreting financial data will be

developed. The focus is on corporations whose stocks are publicly traded, but most of the tools and concepts covered are applicable to other types of business firms and not-for-profit entities, as well. An important objective of this course is to develop insights into the methods by which financial managers can create value for their shareholders. This course prepares students to initially interact in the field of finance.

Grading Policy: Course grade will be based on the following components:

1 Midterm exam	30 %
1 Final exam	30 %
2 Quizzes	20 % (10 % each)
2 Take-home assignments	<u>20 %</u> (10 % each)
Total	100 %

Your final course grade will be converted to the official Oakland University's 32 point grading scale using the following cutoffs. No grades will be awarded for individual components.

Grading Scale							
Considered "A"s		Considered "B"s		Considered "C"s		Considered "D"s	
4.0	100% - 99	3.5	89 - 87	2.9	77 - 77	1.9	67 - 67
3.9	98 - 97	3.4	86 - 85	2.8	76 - 76	1.8	66 - 66
3.8	96 - 95	3.3	84 - 83	2.7	75 - 75	1.7	65 - 65
3.7	94 - 93	3.2	82 - 80	2.6	74 - 74	1.6	64 - 64
3.6	92 - 90	3.1	79 - 79	2.5	73 - 73	1.5	63 - 63
		3.0	78 - 78	2.4	72 - 72	1.4	62 - 62
				2.3	71 - 71	1.3	61 - 61
				2.2	70 - 70	1.2	60 - 59
				2.1	69 - 69	1.1	58 - 57
				2.0	68 - 68	1.0	56 - 55

Additional information about exams, quizzes, and take-home assignments:

1. All exams, quizzes, and take-home assignments are problem-oriented but will also include some theoretical questions to ensure students understand the conceptual material. The exams and quizzes are non-comprehensive, although some material, i.e. time value of money, and financial statements analysis are pervasive to the course and may subsequently, or at least tangentially, be involved in each exam.
2. All exams and quizzes are closed book but a financial calculator may be used for all exams and quizzes.
3. All quizzes and exams will be multiple-choice questions and will be computer graded. Answers on the Scantron sheet will be considered as your **final** answer, so please fill out the Scantron answer sheet carefully and accurately with a number 2 pencil. Each question will have one and only one answer and choosing multiple answers for the same question would result in an automatic zero for that question. For each quiz and exam, you must bring a new Scantron answer sheet (Form 882-E).
4. You will be provided a formula sheet for the quizzes and exams. **The Accounting and Finance department has decided that students will no longer be allowed to bring their own note sheets. The note sheet with relevant formulas will be provided by the**

instructor and will be made available to the students prior to the quizzes and exams.

You may also bring a calculator manual, if you need one, to the examinations and quizzes.

5. Since the quiz and exam dates are specified in advance, any unexcused absence will be graded as a failure. If there is a time conflict for the exam, please talk to the instructor and reschedule in advance. Quizzes will not be rescheduled and you will receive a score for the missed quiz that is arithmetic average of the other quizzes, but only if you have a valid excuse for missing the quiz.
6. **There will be 3 quizzes in total but only the best 2 would count towards your final grade.** The duration of each quiz will be about 30 – 45 minutes and will be given at the end of the lecture. Each quiz will have about 10 multiple-choice questions. You may have to do calculations to pick the correct alternative.
7. Take-home assignments will be due at the beginning of lecture on the due date indicated on Moodle when the assignment is made available. You will get at least one week to work on the assignment. Preparing assignments in a group often leads to a better understanding of the material than when the assignments are submitted individually. For this reason, assignments may be submitted in groups of 3 students. If you choose to complete the assignments by hand please do so neatly. You must show all necessary working to receive full credit. Finally, please ensure that you staple all your pages together before you turn in the assignment.

Academic Honesty: All students are expected to practice and uphold standards of academic honesty and integrity. Any alleged academic conduct violation will be reported to the Dean of Students Office. A final grade of 0.0 may be given to any student who is found guilty of academic misconduct by the Academic Conduct Committee.

TENTATIVE SCHEDULE

<u>Class Period</u>	<u>Topic</u>	<u>Chapter</u>
January 4	<i>No Class</i>	
January 9	Syllabus	
	Introduction to Corporate Finance	1
January 11	Financial Statements, Taxes, and Cash Flow	2
January 16	Financial Statements, Taxes, and Cash Flow	2
	Working with Financial Statements	3
January 18	Working with Financial Statements	3
	Quiz #1	
January 23	Working with Financial Statements	3
	Introduction to Valuation: The Time Value of Money	5
January 25	Introduction to Valuation: The Time Value of Money	5
January 30	Introduction to Valuation: The Time Value of Money	5
February 1	Discounted Cash Flow Valuation	6
February 6	Discounted Cash Flow Valuation	6
February 8	Discounted Cash Flow Valuation	6
February 13	Net Present Value and Other Investment Criteria	9
	Quiz #2	
February 15	Net Present Value and Other Investment Criteria	9, 10
	Assignment 1 due	
February 20	<i>Winter Recess (No Class)</i>	
February 22	<i>Winter Recess (No Class)</i>	
February 27	<i>Midterm Examination (3:00 PM – 4:47 PM)</i>	

TENTATIVE SCHEDULE (Continued)

<u>Class Period</u>	<u>Topic</u>	<u>Chapter</u>
March 1	Interest Rates and Bond Valuation	7
March 6	Interest Rates and Bond Valuation	7
March 8	Interest Rates and Bond Valuation	7
March 13	Stock Valuation	8
March 15	Stock Valuation	8
March 20	Stock Valuation	8
March 22	Return, Risk and the Security Market Line	12, 13
March 27	Return, Risk and the Security Market Line	12, 13
March 29	<i>No Class (Tentative)</i>	
April 3	Return, Risk and the Security Market Line	12, 13
April 5	Cost of Capital	14
April 10	Cost of Capital	14
	Quiz #3	
April 12	Review	
April 17	<i>No Class (Tentative)</i>	
April 19	<i>Final Exam (12:00 PM – 2:00 PM)</i>	