

Oakland University
School of Business Administration
CRN 11038 - FIN 3220*: Managerial Finance I, Winter 2018

Instructor: Ali Hammoud
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Office: 200B EH
Office Hours: MW: 2:30-3:00 PM; M: 4:50-6:25 PM; R: 11:50 AM-1:20 PM;
also by appointment
Class Time: MW: 3:00 PM – 4:47 PM
Class Location: 281 EC

*FIN322 is equivalent to FIN3220

Email is the preferred and fastest way to contact your professor. When you email me, **please write in the subject line the section and meeting times of the class you're taking.

REQUIRED COURSE TEXT:

Fundamentals of Corporate Finance, 11th edition, by Ross, Westerfield, Jordan, (RWJ), McGraw-Hill Irwin, Publishing (2016), ISBN: 978-0-07-786170-4.

PREREQUISITES:

ECN 201/210, ACC 210, QMM 240, all with a minimum 2.0.

FINANCIAL CALCULATOR:

A financial calculator is required in this class, and I highly recommend the Texas Instruments BA II Plus “**Professional**” calculator. Technical support will be available for the Texas Instruments BA II Plus calculator in class during discussions and examples. Texas Instruments maintains a downloadable guidebook at: <http://education.ti.com/educationportal/sites/US/sectionHome/download.html>. You may use a different calculator but you will have to figure it out on your own.

REQUIRED COMPUTER USAGE:

We will use Microsoft Excel this semester to assist in solving some problems. Instruction on the use of Excel as it relates to financial problems is provided mainly in the textbook, but lectures will also have some Excel examples.

REQUIRED USE OF COURSE MOODLE SITE:

This course is almost paperless (except for in-class exams). The Moodle site developed for this course contains a listing of: (1) course syllabus, (2) PowerPoint slides of the lectures, (3) solutions to textbook problems, and (4) sample test 1. When you registered for this course you were automatically enrolled in the course Moodle site.

COURSE DESCRIPTION:

This course covers the principles of financial management from the viewpoint of the corporate financial manager. We will consider the issues facing corporate financial managers and the theories and tools used to guide their decisions.

COURSE OBJECTIVES:

Students should gain a firm understanding of the tools used by corporate financial managers in their decisions. By the end of the course, the student will be able to:

- Describe the financial environment.
- Use financial statements to calculate cash flow numbers and to make inferences by using financial ratio analysis.
- Prepare a basic balance sheet, income statement, and cash flows statement (both pro forma and historical).
- Apply the concepts of present and future value.
- Determine the price and risk of corporate securities such as bonds and stocks.
- Understand the basic techniques of evaluating a company's investment opportunities.
- Understand the relationship between risk and return (i.e., beta and the capital asset pricing model)
- Understand the factors that influence a firm's use of stocks and bonds to finance its investments.
- Calculate the cost of funds to a company.

CLASS MEETINGS:

The general methodology will be lectures, problems, and case discussions. To gain the greatest benefit, the student should complete the reading assignments before the class meetings. Classroom lectures are organized around PowerPoint slides developed by the authors of our text. To minimize note taking, you should print out the PowerPoint slides for the chapter that will be covered and bring them to class.

ATTENDANCE:

Regular attendance is required and participation is strongly encouraged. You will be held responsible for material covered in class as well as for material in the textbook and readings. Questions on the tests and final exam may come from the text, PowerPoint presentations, lectures, and/or homework assignments. Also, you are responsible for any announcements made in class.

WEATHER POLICY:

Classes are canceled when it is listed as such on the university's website.

WITHDRAWAL POLICY:

The last day to drop classes is the date as published in the Schedule of Classes for this semester.

ACADEMIC HONESTY:

As a matter of ethics and to protect the integrity of grades, each student is responsible for producing his or her own work. For example, copying other people's work or unauthorized sharing of notes or calculators during exams constitutes cheating. Students caught cheating will be given a failing grade for this course and could be expelled from the University.

CLASSROOM BEHAVIOR:

I expect you to conduct yourself with professional courtesy in the classroom. In other words, you should be in your seat and ready to start when class begins. In the rare, unavoidable situations when you must leave class early, let me know before class begins. If you must be excused for a few moments during class, please do so with as little disruption to the class as possible. You should not talk to other students during lectures unless directed to do so by the professor. Cell phones should be turned off unless you notify the instructor that you have a special need for a cell phone. Also, talking and other inappropriate behavior while class is ongoing is strongly discouraged. Please respect your classmates. Those sitting around you cannot hear the lecture when you engage in conversation.

ACCOMMODATION FOR STUDENTS WITH DISABILITIES:

If you have a documented disability that requires accommodations, you will need to register with the Office of **Disability** Support Services (DSS) for coordination of your academic accommodations. The Office of **Disability** Support Services (DSS) is located in 121 North Foundation Hall. DSS telephone number is (248) 370-3266. Once you have your accommodations in place, I will be glad to meet with you privately during my office hours to discuss your special needs. "The Office of **Disability** Support Services' mission is to ensure that all students with disabilities participate fully in university life. The DSS provide and coordinate services and programs so students with disabilities can maximize their educational potential and to increase the level of awareness among all members of the university community."

HOMEWORK:

Homework is not graded but test and final exam problems are similar to the assigned homework problems; therefore, you must master these if you are to make an acceptable grade in this course. Moreover, you should work as many of the problems as possible instead of just the ones that are assigned. Please work and discuss the homework assignments with your classmates whenever possible, since the best way to learn is to teach someone else. In addition, students are expected to acquire a conceptual understanding of the material presented in lectures and in the assigned text chapters, as questions of a conceptual nature will also appear on the tests and final exam.

EVALUATION CRITERIA:

The final grade is a composite of the grades you receive on the two tests, two team projects, and final exam as set forth below. The various components and their weights for the final course grade are shown below:

<i>Team Projects (2)</i>	20	Two Projects, 10 Points Each
<i>Tests (2)</i>	50	Two In-Class Tests, 25 Points Each
<i>Final Exam</i>	30	Comprehensive but mostly from 11, 12, 13, and 14
Total Points:	<u>100 pts.</u>	

All grades are assigned after a careful examination of the work submitted. Any disagreements concerning the grading of a test/project **must be resolved within one week** of receiving the graded test/project.

The total number of points you receive determines your final grade in this course. Your course grade will be converted to the official Oakland University's 32 point grading scale by using the following formula:

$1.0 + 3.0 * (\text{your points} - \text{cutoff for 1.0}) / (\text{cutoff for 4.0} - \text{cutoff for 1.0})$. For example, I'll use 95 points as the cutoff for 4.0, and 50 points as the cutoff for 1.0, in which case 90 points=3.7, 80 points=3.0, 70 points=2.3, 65 points=2.0 correspondingly. I may change the cutoff points with respect to your performance.

TEAM PROJECT:

Instructions: Self-select a three or less person team (count yourself as a member). Each team must complete a report addressing the specific questions provided at the end of the case. Please use your critical thinking skills to be concise and focused on the question. Also, students who do not contribute considerably to their group's case analysis will NOT get the group's grade. If a team member is not doing his/her share of the work, then the other members simply should not put his/her name on the cover page. Only the names shown on the cover page will get the credit (as a team member, make sure your name is on the cover page in order to get credit). Every team must email me one report as a word document attachment and the excel file where the computations are done. **Type the following in the subject line of the email: FIN3220-Project.** Any project assignment with more than three names shown on the cover page will receive a "0" for the purpose of grade calculation.

TESTING PROCEDURE:

Tests and final exam are based on the homework assigned plus the lecture material. Each test will consist of approximately 20 multiple-choice questions and a problem based on homework assignments and classroom materials. The final exam, which is multiple-choice in format with approximately 30 questions, will not be intentionally cumulative, although concepts developed in earlier chapters will necessarily be employed in later chapters. The tests and final exam will be closed book and closed notes. **A formula sheet will be provided to you for each test and for the final exam.** You will need 3 Scranton 882-E (green) forms. These forms are available at the OU Bookstore. Also:

- You **may use** any type of calculator, other than a cell phone.
- You **may not** use a computer notebook.
- **NO** cell phones allowed "on" or "out" during the exams.
- **NO** sharing calculators.
- **NO** talking or looking at another's paper.

TESTS/ FINAL EXAM/ TEAM PROJECTS--MAKE-UPS:

Make-ups will be allowed only under **extreme circumstances** that can be documented. Students in this case, must **notify me within 48 hours from the scheduled test/exam date**. It is up to the instructor to decide on how to make up the points of a missing test /exam or assignment. The makeup (if given) does not necessarily have the same format as the missed test/exam. It is up to your instructor to decide on the **format of the makeup**, which could include **only essay questions, writing a paper**, or any other type of questions in testing your knowledge of the required materials. A test/final exam, which is not made up, will receive a "0" for the purpose of grade calculation. **Team project is due at the start of class and will not be accepted late**. If you cannot email me your assignment on time due to special circumstances (that can be documented), you must notify me as soon as possible on how to turn the project in.

<u>CHAPTERS</u>	<u>TOPICS</u>	<u>PROBLEMS</u>
Chapter 1:	Introduction to corporate finance	
Chapter 2:	Financial statements, taxes, and CF	2-6,8,9,10,14,19,21
Chapter 3:	Working with Financial Statements	26,27,28,29
Chapter 4:	Long-Term Financial Planning and Growth	1-5,9
Chapter 5:	Introduction to valuation: the time value of money	1-14,17-20
Chapter 6:	Discounted cash flow valuation	1-21,25-28,31-44,49-56
Chapter 7:	Interest rates and bond valuation	1-10,15-25
Chapter 8:	Stock valuation	1-21
Chapter 9:	Net present value and other investment Criteria	1-5,7-17
Chapter 10:	Making Capital Investment decisions	1-10,14-17, 19-21
Chapter 11:	Project Analysis and Evaluation	1-6, 19,20,21
Chapter 12:	Some lessons from capital market history	1-4,9-10,13-16
Chapter 13:	Return, risk, and the security market line	1-17,23,24
Chapter 14:	Cost of Capital	1,4,5,6,9-10,13-19

SCHEDULE OF IMPORTANT DATES*:

Test/Final Exam/Project	Chapters	Date Scheduled
Team Project 1	CFs and Financial Statements at Sunset Board, Inc. (ch. 2)	01/22/2018
Test 1	1, 2, 3, 4, 5 and 6	02/12/2018
Team Project 2	Bullock Gold Mining (ch. 9)	03/12/2018
Test 2	7, 8, 9, and 10	03/19/2018
Final Exam	Comprehensive but mostly from 11, 12, 13, and 14	TBD

*** Notes:**

1. This schedule is tentative and subject to change. I will try to announce any changes at least one week in advance.
2. I will dispose all the exams/assignments on the first day of the following academic year (Winter 2019).