

## **FIN-3301, PRINCIPLES OF FINANCIAL MANAGEMENT**

Section 110 - 9:30 am - 10:45 am MW Founder's Hall 208

Section 120 - 5:30 pm - 6:45 pm MW Warrior Hall 417

Fall 2017

Texas A&M University-Central Texas

### **INSTRUCTOR AND CONTACT INFORMATION**

**Instructor: Marty Hanby, Assistant Professor of Finance**

**Office: Founder's Hall, 323Q**

**Phone: 254-519-5772**

**Email: [m.hanby@tamuct.edu](mailto:m.hanby@tamuct.edu)**

**Office Hours: 10:00 – 12:00 Tuesday and by appointment**

**Course Materials and Textbook:** CFIN5, Besley and Brigham. Cengage,2015

### **APLIA ACCESS IS NOT REQUIRED FOR THIS CLASS!**

You will need a financial calculator. I prefer that you have the TI BAII Professional financial calculator. This is because I can show you examples in class using these calculators. If you prefer to use a HP business calculator or a graphics calculator that has financial functions. that is fine but do not expect me to tutor you on how to use your own calculator.

### **Mode of instruction and course access:**

This course meets face-to-face, with supplemental materials made available online via the A&M-Central Texas Canvas Learning Management System [<https://tamuct.instructure.com>].

### **Student-instructor interaction:**

I highly recommend that you take the time to get to know me, this will be beneficial to both of us. It gives me the opportunity to understand both your strengths and weaknesses, students that take the time to get to know me usually do much better in my class. My preferred communication method is via email, I check email regularly during the week but only a couple of times a day on weekends. If my office hours don't work for you, I will be available on Monday and Wednesday during the time I am not in class. Please email me and we will schedule a time that works for both of us.

### **911 Cellular:**

Emergency Warning System for Texas A&M University – Central Texas

911Cellular is an emergency notification service that gives Texas A&M University-Central Texas the ability to communicate health and safety emergency information quickly via email, text message, and social media. All students are automatically enrolled in 911 Cellular through their myCT email account.

Connect at [911Cellular](https://portal.publicsafetycloud.net/Texas-AM-Central/alert-management) [<https://portal.publicsafetycloud.net/Texas-AM-Central/alert-management>] to change where you receive your alerts or to opt out. By staying enrolled in 911Cellular, university officials can quickly pass on safety-related information, regardless of your location.

## **COURSE INFORMATION**

**Course Overview and description:** An analysis of financial decision-making at the corporate level with emphasis on the maximization of stockholder wealth. Topics covered include financial statement analysis, the valuation of stocks and bonds, the cost of capital, capital budgeting, leverage and capital structure, methods of firm valuation. working capital management, and bankruptcy.

**Course Objective:** Students who successfully complete this course should be able to: explain the fundamental types of financial assets including their basic characteristics. valuation. and their pros/cons as sources of financing (capital); evaluate a firm's financial performance using its financial statements; evaluate financial alternatives from a time value of money perspective; evaluate the risk/return characteristics of different financial decisions; conduct a thorough firm-level financial analysis; demonstrate a thorough financial literacy; demonstrate proficiency using a financial calculator.

**Course Prerequisites:** ACC 2033, ACC 2043 and ECO 2013. You need to be able to use the basic tools of corporate finance: balance sheets and income statements and the statement of cash flows" and you need to be comfortable with basic algebra. Without basic accounting and algebra skills you will have a very difficult time! If you are trying to learn (or relearn) basic accounting while I am teaching finance; you are not likely to do well in this course. Financial Accounting is the "language" of finance. YOU MUST FIRST LEARN ACCOUNTING/FINANCE JARGON TERMS: WHAT THEY MEAN, WHERE THEY ARE FOUND, HOW THEY ARE USED, ETC.

### **Student Learning Outcomes:**

#### **1. AN OVERVIEW OF MANAGERIAL FINANCE**

Discuss the basic types of financial management decisions and the role of the financial manager.  
Identify the goal of financial management.  
Compare the financial implications of the different forms of business organizations.  
Describe the conflicts of interest that can arise between managers and owners.  
Discuss the role of ethics and corporate governance in a well-functioning economic system.

#### **2. ANALYSIS OF' FINANCIAL STATEMENTS**

Interpret the information provided in a firm's basic financial statements. Standardize financial statements for comparison purchases.  
Compute and interpret common financial ratios. Assess the determinants of a firm's financial performance.  
Identify and explain some of the problems and pitfalls in financial statement analysis.

#### **3. THE FINANCIAL ENVIRONMENT**

Describe the role the financial markets play in determining living standards and economic growth.  
Distinguish between the various types of financial markets.  
Describe the various types of financial intermediaries and their functions.

#### 4. THE TIME VALUE OF MONEY (TVM)

Determine the future value of an investment made today.

Determine the present value of cash to be received in the future.

Calculate the rate of return on an investment.

Given any 4 of the TVM variables (n, k, pv, pmt, fv) be able to calculate the unknown variable.

Determine the future and present value of investments with multiple cash flows.

Describe the loan amortization process and create a loan amortization table.

Explain how interest rates are quoted.

#### 5. THE COST OF MONEY (INTEREST RATES)

Describe the cost of money' and the factors that influence interest rates.

Describe how interest rates are determined.

Describe the yield curve and discuss how to interpret the markets expectations of future interest rates based on the shape of the yield curve.

Discuss the impact on changes in interest rates (required rates of return) affect the value of financial assets.

#### 6. BONDS (DEBT)

Identify important bond features and types of bonds.

Describe how bond are valued and why bond values fluctuate.

Discuss bond ratings and what they mean.

Evaluate the impact of inflation on interest rates and bond values.

Explain the bond structure of interest rates and the determinants of bond yields.

#### 7. STOCKS (EQUITY)

Assess how stock prices depend on future dividends and dividend growth.

Identify the rights and privileges of stockholders.

Explain how stock markets work.

#### 9. CAPITAL BUDGETING TECHNIQUES (NPV & IRR)

Describe the general nature and process of capital budgeting

Calculate a projects NPV and justify a go/no go decision

Calculate a project's IRR and justify a go/no go decision

Explain ranking conflicts and the conditions under which they are likely to occur.

#### **Competency Goals:**

- Understand the agency relationship, recognize agency violations, and correct unethical corporate behavior.
- Read real-world financial statements and draw accurate conclusions about the firm's financial health.
- Construct and interpret important financial ratios. Make informed short and long-run financing decisions based upon expected movements in interest rates.
- Apply risk/return concepts in assessing the required rate of return for suppliers of debt and equity capital.
- Apply time value of money methods to financing and corporate decision-making.

- Undertake fundamental valuation of the firm's debt and equity securities using prescribed models.
- Compute and utilize the firm's cost of capital in financial decision-making.
- Make investment decisions using established capital budgeting techniques.
- Understand the different types of risk associated with various forms of leverage.
- Understand the implications of a sub-optimal capital structure.
- Recognize the real-world factors that impact the capital structure decision.
- Understand dividends and share repurchases as they impact firm valuation.
- Understand and use the internet as an important source of financial data and information.
- Be financial calculator literate.

### **COURSE REQUIREMENTS**

Homework (300 points) - There will be end of chapter homework assignments throughout the semester. All homework assignments combined will be worth 400 points. I will not accept late homework. Let me repeat. I WILL NOT ACCEPT LATE HOMEWORK! (Unless there are some extenuating circumstances but that will be a case by case determination)

Exams (700 points) - You will have 3 exams in this class. Each exam is worth 1/3<sup>rd</sup> of 700 points. All exams will cover material from the chapters that were covered after the previous exam. This means that the exams are not comprehensive...technically. However; since much of the material builds on itself you must understand earlier chapters to be able to show your understanding of later chapters. **The optional final exam is comprehensive and if you elect to take the final it will replace your lowest exam grade.**

#### **Grading:**

900+	A
800 - 899.99	B
700 - 799.99	C
600 - 699.99	D
0 - 599.99	F

NOTE: Requests for Incomplete Grades: Incompletes will only be given in emergency or other extreme circumstances. Any request for an incomplete grade in this course must be approved by the professor prior to the last week of classes. Requests should be submitted in written form. include a detailed explanation and documentation. and must include an address and/or telephone number where you may be contacted throughout the following semester. There is a university requirement that a substantial portion of the course work must have been completed by the student prior to receiving and incomplete. Also. students will be required to enter into a contract with the professor to finish the course within some set time frame to be determined by the professor. Students will no longer be able to get an IC after doing 5% of the class and then get an extra semester to complete their work.

## Posting of Grades

Grades will be posted in Canvas, in most cases they will be posted just prior to the next class after an exam.

## TENTATIVE COURSE OUTLINE AND CALENDAR

Date	Topic	Chapter	Assignment Due
8/28	Financial Management - Introduction		
8/30	An Overview of Managerial Finance	1	1,3,4,6,9-13,15
9/4	An Overview of Managerial Finance	1	
9/6	Analysis of Financial Statements	2	1,2,5-19 odd problems
9/11	Analysis of Financial Statements	2	
9/13	Analysis of Financial Statements	2	
9/18	The Financial Environment	3	2,3,5,9,10-20 even problems
9/20	The Financial Environment	3	
9/25	Review		Homework for Ch, 1-3 due
9/27	Exam 1		
10/2	Time Value of Money	4	1,2,4-7,10,11-25 odd problems
10/4	Time Value of Money	4	
10/9	Time Value of Money	4	
10/11	The Cost of Money	5	1-9 odd 10-18 even
10/16	The Cost of Money	5	
10/18	Bonds Characteristics and Valuation	6	1-19 odd
10/23	Bonds Characteristics and Valuation	6	
10/25	Bonds Characteristics and Valuation	6	
10/30	Review		Homework for Ch, 4-6 due
11/1	Exam 2		
11/6	Stocks Characteristics and Valuation	7	1-11 odd, 14-17
11/8	Stocks Characteristics and Valuation	7	
11/13	Stocks Characteristics and Valuation	7	
11/15	Stocks Characteristics and Valuation	7	
11/20	Capital Budgeting Techniques	9	1-19 odd
11/22	THANKSGIVING		
11/27	Capital Budgeting Techniques	9	
11/29	Capital Budgeting Techniques	9	
12/4	Review		Homework for Ch, 7 & 9 due
12/6	Exam 3		
12/10	Review		Optional
10/12	Comprehensive Final		Optional

**Important University Dates:**

August 28, Add/Drop/Late Registration begins  
August 30, Add/Drop/Late Registration ends, 16-week and 1st 8-week classes  
September 1, Priority Deadline to Submit Graduation Application  
September 4, Labor Day, CAMPUS CLOSED  
September 5, Last day to drop 1st 8-week classes with no record  
September 13, Last day to drop 16-week classes with no record  
September 22, Last day to drop a 1st 8-week class with a Q or withdraw with a W  
October 6, Deadline to submit graduation  
October 20, Last day to withdraw from the University (1st 8-week classes WF)  
October 23, Add/Drop/Late Registration begins, 2nd 8-week classes  
October 26, Add/Drop/Late Registration ends, 2nd 8-week classes  
October 30, Last day to drop 2nd 8-week classes with no record  
November 10, Veteran's Day  
November 10, Last day to drop with a Q or withdraw with a W (16-week classes)  
November 17, Last day to drop a 2nd 8-week class with a Q or withdraw with a W  
November 23-24, Thanksgiving, CAMPUS CLOSED  
December 15, Last day to withdraw from the University (16-week and 2nd 8-week classes)  
December 15, Last day to file for Degree Conferral (Registrar's Office)  
December 15, Commencement (End of Fall Term)  
December 25-January 1, WINTER BREAK

**TECHNOLOGY REQUIREMENTS AND SUPPORT****Technology Requirements.**

This course will use the A&M-Central Texas Instructure Canvas learning management system. Logon to A&M-Central Texas Canvas [<https://tamuct.instructure.com>].

Username: Your MyCT username (xx123 or everything before the "@" in your MyCT e-mail address)

Password: Your MyCT password

**Technology Support.**

For log-in problems, students should contact Help Desk Central.

24 hours a day, 7 days a week:

Email: [helpdesk@tamu.edu](mailto:helpdesk@tamu.edu)

Phone: (254) 519-5466

[Web Chat](http://hdc.tamu.edu): [<http://hdc.tamu.edu>]

*Please let the support technician know you are an A&M-Central Texas student.*

For issues with **Canvas**, select "chat with Canvas support," submit a support request to Canvas Tier 1, or call the Canvas support line: 1-844-757-0953, links to all are found inside of Canvas using the "Help" link.

For issues related to course content and requirements, contact your instructor.

---

## UNIVERSITY RESOURCES, PROCEDURES, AND GUIDELINES

### **Drop Policy.**

If you discover that you need to drop this class, you must complete a [Drop Request Form](https://www.tamuct.edu/registrar/docs/Drop_Request_Form.pdf) [https://www.tamuct.edu/registrar/docs/Drop\_Request\_Form.pdf].

Professors cannot drop students; this is always the responsibility of the student. The Registrar's Office will provide a deadline on the University Calendar for which the form must be completed, signed and returned. Once you return the signed form to the Registrar's Office, you must go into Warrior Web and confirm that you are no longer enrolled. If you still show as enrolled, FOLLOW-UP with the Registrar's Office immediately. You are to attend class until the procedure is complete to avoid penalty for absence. Should you miss the drop deadline or fail to follow the procedure, you will receive an F in the course, which may affect your financial aid and/or VA educational benefits.

### **Academic Integrity.**

Texas A&M University -Central Texas values the integrity of the academic enterprise and strives for the highest standards of academic conduct. A&M-Central Texas expects its students, faculty, and staff to support the adherence to high standards of personal and scholarly conduct to preserve the honor and integrity of the creative community. Academic integrity is defined as a commitment to honesty, trust, fairness, respect, and responsibility. Any deviation by students from this expectation may result in a failing grade for the assignment and potentially a failing grade for the course. Academic misconduct is any act that improperly affects a true and honest evaluation of a student's academic performance and includes, but is not limited to, cheating on an examination or other academic work, plagiarism and improper citation of sources, using another student's work, collusion, and the abuse of resource materials. All academic misconduct concerns will be reported to the university's Office of Student Conduct. Ignorance of the university's standards and expectations is never an excuse to act with a lack of integrity. When in doubt on collaboration, citation, or any issue, please contact your instructor before taking a course of action.

### **Academic Accommodations.**

At Texas A&M University-Central Texas, we value an inclusive learning environment where every student has an equal chance to succeed and has the right to a barrier free education. The Department of Access and Inclusion is responsible for ensuring that students with a disability receive equal access to the University's programs, services and activities. If you believe you have a disability requiring reasonable accommodations please contact the Department of Access and Inclusion at (254) 501-5831. Any information you provide is private and confidential and will be treated as such.

For more information please visit our [Access & Inclusion](https://www.tamuct.edu/student-affairs/access-inclusion.html) webpage [https://www.tamuct.edu/student-affairs/access-inclusion.html].

Texas A&M University-Central Texas supports students who are pregnant and/or parenting. In accordance with requirements of Title IX and guidance from US Department of Education's

Office of Civil Rights, the Dean of Student Affairs' Office can assist students who are pregnant and/or parenting in seeking accommodations related to pregnancy and/or parenting. For more information, please visit <https://www.tamuct.departments/index.php>. Students may also contact the institution's Title IX Coordinator. If you would like to read more about these [requirements and guidelines online](#), please visit the website [<http://www2.ed.gov/about/offices/list/ocr/docs/pregnancy.pdf>].

### **Tutoring.**

Tutoring is available to all A&M-Central Texas students, both on-campus and online. On-campus subjects tutored include Accounting, Advanced Math, Biology, Finance, Statistics, Mathematics, and Study Skills. Tutors are available at the Tutoring Center in Warrior Hall, Suite 111.

If you have a question regarding tutor schedules, need to schedule a tutoring session, are interested in becoming a tutor, or any other question, contact Academic Support Programs at 254-519-5796, or by emailing Larry Davis at [lmDavis@tamuct.edu](mailto:lmDavis@tamuct.edu).

Chat live with a tutor 24/7 for almost any subject on your computer! Tutor.com is an online tutoring platform that enables A&M-Central Texas students to log-in and receive FREE online tutoring and writing support. This tool provides tutoring in over forty subject areas. Access Tutor.com through Canvas.

### **The University Writing Center.**

Located in 416 Warrior Hall, the University Writing Center (UWC) at Texas A&M University-Central Texas is a free workspace open to all TAMUCT students from 10am-5pm Monday-Thursday with satellite hours in the University Library on Mondays from 6:00-9:00pm. Students may arrange a one-on-one session with a trained and experienced writing tutor by visiting the UWC during normal operating hours (both half-hour and hour sessions are available) or by making an appointment via [WOnline](https://tamuct.mywconline.com/) [<https://tamuct.mywconline.com/>]. In addition, you can email Dr. Bruce Bowles Jr. at [bruce.bowles@tamuct.edu](mailto:bruce.bowles@tamuct.edu) to schedule an online tutoring session. Tutors are prepared to help writers of all levels and abilities at any stage of the writing process. While tutors will not write, edit, or grade papers, they will assist students in developing more effective composing practices. By providing a practice audience for students' ideas and writing, our tutors highlight the ways in which they read and interpret students' texts, offering guidance and support throughout the various stages of the writing process. In addition, students may work independently in the UWC by checking out a laptop that runs the Microsoft Office suite and connects to WIFI, or by consulting our resources on writing, including all of the relevant style guides. Whether you need help brainstorming ideas, organizing an essay, proofreading, understanding proper citation practices, or just want a quiet place to work, the University Writing Center is here to help!

If you have any questions about the University Writing Center, please do not hesitate to contact Dr. Bruce Bowles Jr. at [bruce.bowles@tamuct.edu](mailto:bruce.bowles@tamuct.edu).

### **University Library.**

The University Library provides many services in support of research across campus and at a distance. We offer over 200 electronic databases containing approximately 250,000 eBooks and



82,000 journals, in addition to the 72,000 items in our print collection, which can be mailed to students who live more than 50 miles from campus. Research guides for each subject taught at A&M-Central Texas are available through our website to help students navigate these resources. On-campus, the library offers technology including cameras, laptops, microphones, webcams, and digital sound recorders.

Research assistance from a librarian is also available twenty-four hours a day through our online chat service, and at the reference desk when the library is open. Research sessions can be scheduled for more comprehensive assistance, and may take place on Skype or in-person at the library. Assistance may cover many topics, including how to find articles in peer-reviewed journals, how to cite resources, and how to piece together research for written assignments.

Our 27,000-square-foot facility on the A&M-Central Texas main campus includes student lounges, private study rooms, group work spaces, computer labs, family areas suitable for all ages, and many other features. Services such as interlibrary loan, TexShare, binding, and laminating are available. The library frequently offers workshops, tours, readings, and other events. For more information, please visit our [Library website](https://tamuct.libguides.com/) [https://tamuct.libguides.com/].

---

#### **OPTIONAL POLICY STATEMENTS:**

##### **A Note about Sexual Violence at A&M-Central Texas**

Sexual violence is a serious safety, social justice, and public health issue. The university offers support for anyone struggling with these issues. University faculty are mandated reporters, so if someone discloses that they were sexually assaulted (or a victim of Domestic/Dating Violence or Stalking) while a student at A&M-Central Texas, faculty members are required to inform the Title IX Office. If you want to discuss any of these issues confidentially, you can do so through Counseling Services (254-501-5956) located on the second floor of Warrior Hall.

Sexual violence can occur on our campus because predators often feel emboldened, and victims often feel silenced or shamed. It is incumbent on ALL of us to find ways to actively create environments that tell predators we don't agree with their behaviors and tell survivors we will support them. Your actions matter. Don't be a bystander; be an agent of change. For additional information on campus policy and resources visit the [Title IX webpage](https://www.tamuct.edu/departments/compliance/titleix.php) [https://www.tamuct.edu/departments/compliance/titleix.php].

#### **INSTRUCTOR POLICIES.**

**I do not accept late assignments and any calculator with communication features is strictly prohibited.**

##### **Copyright Notice.**

Students should assume that all course material is copyrighted by the respective author(s). Reproduction of course material is prohibited without consent by the author and/or course instructor. Violation of copyright is against the law and Texas A&M University-Central Texas' Code of Academic Honesty. All alleged violations will be reported to the Office of Student Conduct.