



SYLLABUS - FALL SEMESTER, 2017

FINANCIAL MANAGEMENT

FIN 5307-110

1. INSTRUCTOR CONTACT INFO:

Name: Dr. Mary H. Kelly; Associate Professor of Finance

Office: 323F Founder's Hall

Phone: 254-501-5846

Email: mhkelly@tamuct.edu

Office Hours: On-Campus: T from 2 – 6 pm; W from 1 – 3 pm.

Online: generally every day from 9 am – 8 pm, except Tuesdays and Sundays.

Other Days/Times: just ask me to meet on-campus or by phone.

Communication between Instructor and Student: The best way to reach me is email in Canvas or at my university email of mhkelly@tamuct.edu. **Be sure to put FIN 5307 in the subject line.** I generally respond within a day or two, or sooner if I am online for virtual office hours or related matters.

A General Discussion Board will be set up in Canvas that will allow you to ask questions of others in the class and receive their answers or comments. Utilization of this discussion board is a key feature for class interface beyond the face-to-face class schedule.

Administrator for Course, Department, and the College of Business Administration (COBA):

- 1) Ms. Kathryn Field at kfield@tamuct.edu or at 254-519-5437.

Appointments and other information can be obtained via email or phone.

- 2) COBA (College of Business Administration) general assistance at:
254-519-5437 or cobainfo@tamuct.edu.

2. MODE OF INSTRUCTION:

Class Schedule: This class meets on Tuesday evenings from 6 - 9 pm in Founder's Hall room 309 during the 16-week semester that begins August 28, 2017, and ends Friday, December 15, 2017.

Online Resources. This course uses the A&M-Central Texas Canvas Learning Management System. It can be accessed at this link: <https://tamuct.instructure.com>. The Canvas Learning system is described later in this Syllabus in Section 7(c) titled: "Technology Requirements." Students should check the Canvas site frequently throughout the semester for Communication and other helpful information. You will use the tamuct username and password communicated to you separately to log on to this system.

3. COURSE OVERVIEW AND DESCRIPTION:

Study financial decision making in the modern corporation. Explore capital budgeting, capital structure, corporate sources of funding, dividend policy, financial risk management, standard theories of risk and return, and valuation of assets. Prerequisite(s): FIN 5100 or permission of instructor.

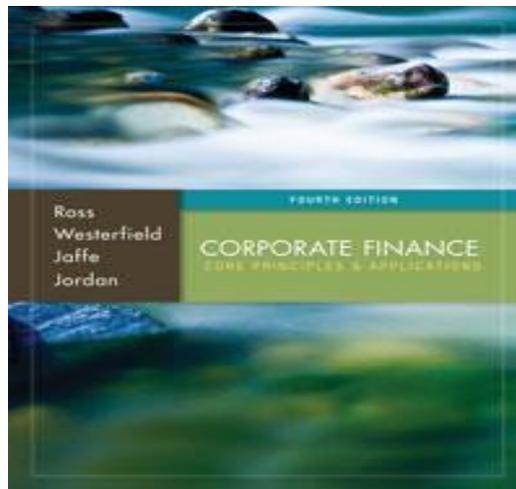
This course has been approved for its corporate finance content as required by the Society of Actuaries as partial fulfillment of requirements for certain certifications. More information can be found at the following link for the SOA: <https://www.soa.org/Education/Exam-Req/Instructions-for-VEEDirectory.aspx>

4. COURSE MATERIALS:

1. Textbook: ISBN: 0077861655. Copyright year: 2014.

http://highereducation.com/sites/0077861655/student_view0/index.html

Title: Corporate Finance: Core Principles and Applications, 4th edition. By Stephen A. Ross, Massachusetts Institute of Technology; Randolph W. Westerfield, University of Southern California; Jeffrey F. Jaffe, University of Pennsylvania; and Bradford D. Jordan, University of Kentucky.



Note: There are other texts with similar content, including other corporate finance texts by these authors, but the topics maybe in a different order and have a different emphasis, and some are adequate for this course if the student has a strong background in the prerequisite material.

2. Access to Excel. This course emphasizes using spreadsheets for valuation techniques.

The keystrokes and names of formulas in excel will differ from a financial calculator. A tutorial on how to use Excel will be posted in Canvas. Students may use either a financial calculator for assessments, even though the course emphasizes excel.

3. **Optional.** A Financial Calculator. The model recommended is the TI BAII Plus. This model costs about \$30. A tutorial on how to use this model will be posted in Canvas. Other models use different key strokes and that can lead to wrong answers. If you use a different model, you will be responsible for knowing how to use it for material in this course.



5. COURSE LEARNING OBJECTIVES:

Course Learning Objectives (LOs) are *measurable*.

By best practice, student learning objectives or outcomes are not only measurable, they are explicit at both the course level and at the module/chapter level. The learning objectives for this course are listed below, followed by the learning outcomes for each chapter covered in the course. An “assessment map” is shown on the Course Calendar by stating the connection between learning objectives at both levels (course and chapter). Upon successful completion of this course, a student should be able to *demonstrate* the following Course Learning Objectives, which will be *measured* during the course:

1. Explain the fundamental types of financial assets including their basic characteristics, valuation, and their pros/cons as sources of financial capital;
2. Evaluate a firm’s financial performance using its financial statements;
3. Evaluate financial alternatives from a time value of money perspective;
4. Evaluate the risk/return characteristics of different financial decisions;
5. Demonstrate financial literacy;
6. Demonstrate proficiency with financial valuations using excel or a financial calculator.
7. Recognize ethical aspects of the financial decision-making process.
8. Describe the intersection of public policy and the financial decision-making process.

Student Learning Outcomes by Chapter and by order the Chapter is covered in this Course:

1. AN OVERVIEW OF MANAGERIAL FINANCE (course LO #2, 8)
 - a. Discuss the basic types of financial management decisions, the role of the financial manager, the agency theory, and ethical aspects of managerial finance.
 - b. Identify the goal of financial management.
 - c. Compare the financial implications of the different forms of business organizations.
 - d. Describe the conflicts of interest that can arise between managers and owners.
 - e. Discuss the role of ethics and corporate governance in a well-functioning economic system.
6. THE FINANCIAL ENVIRONMENT (course LO #1, 6)
 - a. Describe the role the financial markets play in determining living standards and economic growth.
 - b. Distinguish between the various types of financial markets.
 - c. Describe the various types of financial intermediaries and their functions.

2, 3. ANALYSIS OF FINANCIAL STATEMENTS (course LO #2, 5 - 8)

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

4. THE TIME VALUE OF MONEY (TVM) (course LO #1, 3, 4 - 7)

- a. Determine the future value of an investment made today.
- b. Determine the present value of cash to be received in the future.
- c. Calculate the rate of return on an investment.
- d. Given any 4 of the TVM variables (n, k, pv, pmt, fv), calculate the unknown variable.
- e. Determine the future and present value of investments with multiple cash flows.

7, 8. CAPITAL BUDGETING - VALUATIONS AND DECISION-MAKING (course LO #1, 3 - 8)

- a. Describe the general nature and process of capital budgeting.
- b. Calculate a project's NPV and justify a go/no go decision.
- c. Calculate a project's IRR and justify a go/no go decision.
- d. Explain ranking conflicts and the conditions under which they are likely to occur.

5. THE COST OF MONEY (INTEREST RATES) and BONDS (course LO #1, 3, 4 - 7)

- a. Identify important bond features and types of bonds.
- b. Describe how bond are valued and why bond values fluctuate.
- c. Discuss bond ratings and what they mean.
- d. Evaluate the impact of inflation on interest rates and bond values.
- e. Explain the bond structure of interest rates and the determinants of bond yields.
- f. Describe the cost of money and the factors that influence interest rates.
- g. Describe how interest rates are determined.
- h. Describe the yield curve and discuss how to interpret the markets expectations of future interest rates based on the shape of the yield curve.

6, 10, 11, 12. THE RISK-RETURN RELATIONSHIP and STOCKS (course LO #1, 3 - 7)

- a. Assess how stock prices depend on future dividends and dividend growth.
- b. Identify the rights and privileges of stockholders.
- c. Explain how stock markets work.
- d. Explain the basic concept of risk in finance.
- e. Calculate the rate of return on an investment.
- f. Distinguish between diversifiable and non-diversifiable risk and how diversifiable risk can be eliminated.
- g. Describe the components of an asset's risk premium.
- h. Identify different types of risk.
- i. Discuss the impact on changes in interest rates (required rates of return) affect the value of financial assets.

12, 14, 15. CAPITAL STRUCTURE AND THE COST OF CAPITAL (course LO #1, 3 - 8)

- a. Discuss the effects of financial leverage.
- b. Analyze the determinants of a firm's optimal capital structure.
- c. Discuss the intersection of public policy and decision-making process for capital structure
- d. Discuss the essentials of the bankruptcy process.
- e. Calculate the component cost of capital for debt, preferred stock, retained earnings, and new common equity.
- f. Describe the weighted average cost of capital (WACC).
- g. Discuss the relationship between WACC and investors' required rates of return.

13, 14, 15, 16. DISTRIBUTION OF RETAINED EARNINGS; FINANCE THEORY (course LO #1 – 8)

- a. Discuss dividend policy decisions.
- b. Describe stock dividends and stock splits.
- c. Describe stock repurchases.
- d. Understand differences in dividend policies around the world.
- e. Understand Finance Theories: Miller & Modigliani, Efficient Markets Hypothesis; Signaling.
- f. Understand the meaning of Behavioral Finance.

6. COURSE REQUIREMENTS AND GRADING RUBRIC

Exams/Quizzes: There will be 5 required exams in this course that may be a combination of m/ch, t/f, short answer, and a post to a specific Discussion Board. Overall, the exams will have many calculations, since finance always involves valuing something, yet there will be many conceptual questions that will not involve calculations. Each exam will cover material from the chapters that were covered *after* the previous assessment. *This means that the assessments do not appear to be comprehensive, but they are because much of the material builds on itself.* You must understand earlier chapters to demonstrate understanding of later chapters. There will be opportunities for extra credit.

Discussion Boards: There will be several required assignments of this format. All will be posted in Canvas and assigned varying points.

Extra Credit: There will be some opportunities for extra credit that will be announced in class and in Canvas.

Late submissions will not be accepted. If, however, you are able to make acceptable arrangements with Dr. Kelly, then it is possible for missed points to apply to another assessment or an average of other course work. This decision will be at the discretion of the professor.

Course Calendar: At the end of this Syllabus is a Course Calendar. It outlines the topics covered and is subject to change at the discretion of the instructor and upon consideration of class dynamics.

Grading:

A is 90% -100% of maximum points from requirements – exams, quizzes, discussion boards, etc.			
B is 80% - 89% of maximum points	“	“	“
C is 70% - 79% of maximum points	“	“	“
D is 60% - 69% of maximum points	“	“	“
F is less than 60% of maximum points	“	“	“

Incomplete Grades: A grade of Incomplete can be given only according to university policy, which requires extenuating circumstances, such as serious illness or other necessary absences, and a grade-to-date in the course of at least a “C,” with most of the course completed. Also, an Incomplete must be completed in accordance with university policy. If this does not happen, then the “Incomplete” will change to an “F.” Requests should be submitted in writing and should include a detailed explanation and documentation, along with an address and/or telephone number where you may be contacted throughout the following full-term semester (i.e., Fall or Spring). If an Incomplete is granted, the student will be required to enter into a contract with the professor to finish the course with specified requirements and within a timeframe determined by the professor.

Posting of Grades.

All grades will be posted in Canvas. Grades can be provided in class, too. Grading will generally be within a few days to a week of the due date. If there are any questions about grades, email the instructor and be sure the subject line includes: FIN 5307.

Instructor Policies and Copyright Notice.

Students should assume that all course material is copyrighted by the instructor or stated respective author(s). Reproduction of course material is prohibited without consent by the course instructor and/or other author(s). 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.

Copyright 2017 by Dr. Mary Kelly at Texas A&M University-Central Texas,
College of Business Administration; 1001 Leadership Place, Killeen, TX
76549; (254-501-5846); Fax (254-501-5825); mhkelly@tamuct.edu.

7. TECHNOLOGY REQUIREMENTS AND SUPPORT

In this face-to-face course, students need to be familiar with technology requirements for access to certain information that could impact successful completion of the course. This course will use the TAMUCT Canvas learning management system. To access Canvas, logon to TAMUCT and click on “Quick Links,” where Canvas is listed as one of the quick links. The website for the university is: www.tamuct.edu. Canvas can also be accessed at: <https://tamuct.instructure.com/login/ldap>. Then, be prepared to enter the password restricted site of Canvas with the following:

Username: Your MyCT username

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

Initial password: Your MyCT password

Technology Support.

For technology issues, students should contact Help Desk Central.

24 hours a day, 7 days a week:

Email: helpdesk@tamu.edu

Phone: (254) 519-5466

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

When calling for support please let your support technician know you are a TAMUCT student.

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

8. COURSE AND UNIVERSITY RESOURCES, PROCEDURES, AND POLICIES

8a. Important Dates this Semester: <http://www.tamuct.edu/departments/news/dates.php>

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

8b. Drop Policy.

If you discover that you need to drop this class, you must go to the Registrar's Office and complete a [Drop Request Form](#). It should be available in Canvas. Instructors 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.

8c. 911 Cellular: The 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.

8d. 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.

8e. 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>].

8f. 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 lldavis@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.

8g. 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 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.

8h. 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/).

8i. 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].

9. ADDITIONAL INFORMATION:

An important component of a learner-centered syllabus is a section directed to you – the student - that explains the instructor's teaching philosophy for this course. Here it is: My expectations are for you to develop reasonable proficiency with several established financial theories and to demonstrate a thorough understanding of valuation techniques applied to the risk-return relationship. Please don't hesitate to discuss the course or professional development with me, as I am always enthusiastic about teaching finance and discussing related matters with students!

Remember: **the best way to reach me is email in Canvas or my university email with FIN 5307 in the subject line to mhkelly@tamuct.edu.**

10. COURSE CALENDAR

Below is a tentative course calendar. It may change at the discretion of the professor.

Module # Week #	Topic	Chapter
Module 1	<i>Financial Management at the Firm-level and the Financial Markets</i>	
1	Overview of Managerial Finance	1
2	Overview of the Financial Markets	part of 6
	<i>Discussion Board Assignment</i>	
	<i>Quiz 1</i>	
	<i>Exam 1 (course LO #1, 2, 5-8)</i>	
Module 2	<i>Financial Statement Analysis at the Firm-level</i>	
3	Analysis of Financial Statements-Cash Flow	2
4,5	Analysis of Financial Statements-Ratios	3

	Quiz 2	
	Exam 2 (course LO #1, 2, 5-8)	
Module 3	<i>Time Value of Money – Concepts and Calculations</i>	
6	Time Value of Money-Compounding, Lump Sums, Annuities	4
	Exam 3a (course LO #1, 3-8)	
7	Time Value of Money-Uneven Cash Flows, the NPV Method	4
8	Capital Budgeting-NPV and other Valuation Methods for the Decision-making Process	7, parts of 8
	Exam 3b (course LO #1, 3-8)	
Module 4	<i>Bonds - Characteristics & Valuation; The Risk-Return Tradeoff Relationship</i>	
9	Bond Concepts, Bond Market (<i>professor away for a conference on Th</i>)	5
10	Continue topic	
11	Bond Valuation	5
	Exam 4 (course LO #1, 3-8)	
Module 5	<i>Stocks - Characteristics and Valuation; The Risk-Return Relationship</i>	
12	Stocks - Characteristics and Valuation Models	part of 6
13	Stocks – Valuation Models and Portfolio Management	10
14	The Stock Market; The Risk-Return Relationship	11
	Exam 5 (course LO #1, 3-8)	
Module 6	<i>Capital Structure and Finance Theory - Tying it all Together</i>	
15	Cost of Capital; WACC; Intersection of Public Policy and Capital Structure Decisions	parts of 12,14,16
16	Distribution of Retained Earnings; Finance Theory – M&M, EMH, Signaling, Behavioral Finance	parts of 13,14,15, 16
16	Extra Credit Assignments (course LO #1 – 8)	