

PREPARING COMPETENT AND RESPONSIBLE BUSINESS LEADERS

**THE UNIVERSITY OF AKRON
COLLEGE OF BUSINESS ADMINISTRATION**

DEPARTMENT OF FINANCE SYLLABUS

Fall, 2014

PRINCIPLES OF FINANCE

6400:301:003 CBA 101 T/TH 1:45 – 3:00 p.m.

Dr. M. Newman

**THE PRIMARY MISSION OF THE DEPARTMENT OF FINANCE IS TO PROVIDE QUALITY
EDUCATION TO STUDENTS THAT WILL PREPARE THEM FOR LEADERSHIP POSITIONS
WITHIN THE FINANCE PROFESSION IN BUSINESS.**

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Office Hours: T/TH: 12:15 p.m. – 1:30 p.m., or by appointment

♦ **Course Objectives**

The primary objective of this course is to provide you practical, working knowledge of the fundamental tools used in the major decision areas of corporate financial management. Topics to be covered include:

1. An Overview of Corporate Finance
2. Financial Statements, Taxes, and Cash Flows
3. Time Value of Money
4. Bond Valuation
5. Stock valuation
6. Capital Investment Analysis
7. Risk and Return
8. Cost of Capital

Course Prerequisites: 3250:200; 3450:145; 6200:201; & 6200:250

♦ **Required Material:**

Text: Ross, Westerfield, and Jordan, “*Fundamentals of Corporate Finance*” 10th ed. (McGraw-Hill Publishing, ISBN # 9780078131783).

Computations: You will need access to a method of computation that offers financial functions (PV, FV, NPV, IRR). I will be using Microsoft *Excel* and have arranged for the CBA computer lab to provide laptops during class sessions. **Note:** There may not be enough CBA-provided laptops to provide one to every individual. Courteous sharing of laptop usage with classmates will be greatly appreciated by all.

If you prefer to use a financial calculator, the Texas Instruments BAII Plus is the dominant financial calculator in the market. If you prefer to use a financial calculator app from a smartphone, there are several free downloads available. Usage of Microsoft *Excel*, financial calculators, and/or smart phone apps will be permitted during exams.¹

Online

Assignments: All homework assignments will be administered and graded online using McGraw-Hill’s **CONNECT** management system. **CONNECT PLUS** is the **CONNECT** platform PLUS online access to the electronic version of the text. **CONNECT PLUS** comes packaged with your hard-copy textbook from the bookstore, or you may purchase the electronic version of the textbook with **CONNECT PLUS** directly from McGraw-Hill’s website.

Please see the *Student Registration Information* page at the end of this syllabus or on Springboard. There is also a *CONNECT Overview and Registration* PowerPoint file on Springboard for more information. For administrative ease, please register your account with **CONNECT** as soon as possible.

Electronic: Access to Springboard. Course communication and content are managed almost entirely via Springboard. Use of the Discussion forums to resolve questions re: course material is strongly encouraged.

¹ It is the student’s responsibility to ensure the desired method of computation is secured for use during exams.

◆ **Recommended Material:** *The Wall Street Journal*

You can register directly online at the following link: wsj.com/fall14.
Please select “Melinda Newman” as your referring professor.

◆ **University Calendar**

Date	Event
09/08	Last day to drop the class
10/13	Last day to withdraw from class ²
11/27	Thanksgiving Break – No class session

◆ **Grading**

Performance Scale

% Score	Final Grade*
≥ 92%	A
≥ 82% and < 88%	B
≥ 72% and < 78%	C
≥ 62% and < 68%	D
< 60%	F

*Plus Grades on the “8-9s”/Minus grades on the “0-1s” will be assigned within each category

Performance Weights

Components	% Weight of Grade Total
CONNECT Homework	20
Midterm One	25
Midterm Two	25
Final Exam	30
Total	100

◆ **Administrative/Grading Policies³**

1. It is the responsibility of each student to ensure that his/her name is on the official class list. A student whose name does not appear on that list will not receive credit or a grade for any work done in the course.
2. Academic dishonesty, as defined in the *Procedures and Requirements* section of *The Undergraduate Bulletin*, and as addressed in the *Student Code of Conduct* will not be tolerated and will result in a failing grade (0%) for every assignment involved. Academic dishonesty includes, but is not limited to, presenting the work of others, in whole or in part, as your own.

◆ **Exam Policy**

² Reflective of the university’s drop/withdrawal policy effective Fall 2011. Full detail is available at:
<http://www.uakron.edu/ssc/withdrawal-policy.dot>.

³ Any disability accommodation requests should be directed to the Office of Accessibility: 105 Simmons; x7928;
<http://www.uakron.edu/access/>

An **unexcused absence** will be treated as a failing grade (0%). Excused absences should be considered an option under extraordinary circumstances only. All requests for an excused absence must be accompanied by appropriate documentation.

In the event of an excused absence for a midterm exam, **no** makeup exam will be permitted. The weight of the missed exam will be shifted to the remaining midterm exam. In the event of an excused absence for the final exam, a makeup exam will be permitted. The format of a makeup exam may differ greatly.

The format for all exams will be true-false, multiple-choice, or a combination thereof. Exam content is highly quantitative; a formula sheet including all equations covered in class is provided.

◆ **Course Design**

Course content is delivered through lectures that focus on practical application of the topics. Therefore, we'll devote a substantial amount of class session time to numerical examples. Because the material is cumulative in nature, your active participation in the computations is imperative to optimizing your learning process. In particular, command of Time Value of Money concepts is crucial to your successful comprehension of the subsequent material. A simple recipe for success in this course is as follows:

1. Come to class prepared to perform computations
2. Ask questions "in the moment", as soon as the material becomes unclear
3. Study lecture, text, and online materials outside of class to eliminate any lingering questions
4. Complete the CONNECT assignments to reinforce your comprehension and prepare for exams
5. If necessary, take advantage of the Finance Department tutor hours for further clarification

◆ **Student-Centered Learning Objectives based upon CFP Board Principal Topics (2011)**

In accordance with the CFP Board's Resource Guide, the following student-centered learning objectives are met in this course:

9. TVM

- a. Calculate present value and future value of single amounts, annuities, annuities due, uneven and serial payments.
- b. Calculate NPV and IRR and be able to apply the techniques to financial planning problems.

25. Types of Investment Risk

- a. Identify, measure, and differentiate between types of investments risks including systematic, unsystematic risk, interest-rate risk, liquidity risk, credit risk, inflation risk, operating and financial risk, reinvestment-rate risk, exchange-rate risk, and political risk in a client's portfolio.
- b. Explain the impact of low-probability economic events on clients' welfare

27. Measures of Investment Returns

- a. Identify, measure and interpret investment returns including after-tax, holding period return, effective annual rate, annual percentage rate, time- and dollar-weighted returns, geometric and arithmetic returns.

28. Bond-Stock Valuation Concepts

- a. Value a bond using discounted cash flow and explain how interest rates affect bond values.
- b. Estimate the value of a stock using discounted cash flow, the CAPM, and price multiples.
- c. Differentiate between fundamental and technical analysis.

*Tentative Course Outline**

Week	Day	Date	Text Chapter	Topic
1	T	08/26	1	Course Introduction Introduction to Corporate Finance
	TH	08/28	1 2	Introduction to Corporate Finance Financial Statements, Taxes, and Cash Flows
2	T	09/02	2	Financial Statements, Taxes, and Cash Flows
	TH	09/04	5	Introduction to Valuation: The Time Value of Money
3	T	09/09	5	Introduction to Valuation: The Time Value of Money
	TH	09/11	6	Discounted Cash Flow Valuation
4	T	09/16	6	Discounted Cash Flow Valuation
	TH	09/18	6	Discounted Cash Flow Valuation
5	T	09/23	1,2,5,6	Midterm Exam One
	TH	09/25	7	Interest Rates and Bond Valuation
6	T	09/30	7	Interest Rates and Bond Valuation
	TH	10/02	7 8	Interest Rates and Bond Valuation Stock Valuation
7	T	10/07	8	Stock Valuation
	TH	10/09	8	Stock Valuation
8	T	10/14	9	Net Present Value and Other Investment Criteria
	TH	10/16	9	Net Present Value and Other Investment Criteria
9	T	10/21	9	Net Present Value and Other Investment Criteria
	TH	10/23	10	Making Capital Investment Decisions
10	T	10/28	7-9	Midterm Exam Two
	TH	10/30	10	Making Capital Investment Decisions
11	T	11/04	12	Some Lessons from Capital Market History
	TH	11/06	12	Some Lessons from Capital Market History
12	T	11/11	13	Return, Risk, and the Security Market Line
	TH	11/13	13	Return, Risk, and the Security Market Line
13	T	11/18	13	Return, Risk, and the Security Market Line
	TH	11/20		SFA Conference: No Class Session
14	T	11/25	14	Cost of Capital
	TH	11/27		Thanksgiving Break: No Class Session
15	T	12/02	14	Cost of Capital
	TH	12/04	14	Cost of Capital
Finals	X	12/XX	Cumulative	X:XX – X:XX p.m.

* Changes in the material covered and/or the timing of the material/assignment are at the discretion of the professor.

McGraw-Hill Connect

Student Registration Information

Course

301: Principles of Finance

Professor

Melinda Newman

Section

6400:301:003 - Fall, 2014

Online Registration Instructions

Go to the following web address and click the "**register now**" button.

<http://connect.mheducation.com/class/m-newman-6400301003---fall-2014>

This is a unique address⁴ for
6400:301:003: Fall, 2014

Having trouble registering?
Get help here: <http://bit.ly/StudentRegistration>

Registered but having trouble with Connect?
Tech Support: 1-800-331-5094

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⁴Register your account for this web address and not for any CONNECT web addresses associated with other sections of the course