

SPELMAN COLLEGE

Spring 2015

Management 320 (CRN # 60715), Principles of Financial Management, Cosby 214

Tuesday and Thursday, 09:25 AM to 10:40 AM

Professor: Dr. Angelino C. G. Viceisza

OFFICE HOURS AND CONTACT INFORMATION

Office Hours: Tuesday and Thursday, 07:15 AM to 09:15 AM and Thursday, 10:45 AM to 12:45 PM

Office Location: Department of Economics, Giles Hall, Room 402 (4th floor)

Office Phone: 404-270-6055

Course website: Please check Moodle. *In absence thereof, I will make use of email.*

Personal research website: <https://sites.google.com/site/viceisza/>

Default email: aviceisz@spelman.edu (preferred over phone); viceisza@gmail.com (use *ONLY* as back-up)

Note 1: I am usually accessible via email to respond to simple questions or quick consultations. If I feel that a question or issue warrants discussion in person, I will refer you to my office hours. This will usually be the case for issues related to course performance. If contacting me by email, please include MGT 320 in the subject line.

Note 2: In case of snowstorms or other unforeseen circumstances, I may reschedule classes to take place online. So, always keep an eye out on your email.

TEACHING ASSISTANTS

1. Ms. Amber O'Donoghue (aodonogh@scmail.spelman.edu) will conduct the work session (more below).
2. When contacting her, please include MGT 320 in the subject line.

TEXT

Eugene F. Brigham and Joel F. Houston. **Fundamentals of Financial Management**. 13th edition. South-Western, 2013. ISBN: 9780538482127.

COURSE DESCRIPTION

This course explores the principles of finance and their applications to the solution of financial problems. Topics include the evaluation of financial performance, time value of money, analysis of risk and return, cost of capital, capital budgeting, and working capital management. Management 320—to some extent—is a survey course and thus focuses on a number of items. The purpose of this course is **NOT** to teach the student how to use Excel and/or financial calculators. On the contrary, this course is intended to provide the student with a relatively rigorous foundation for the calculations that take place “behind the scenes” of a financial calculator and/or software such as Excel. By equipping the student with these “manual” foundations, Management 320 seeks to prepare the student adequately such that she can perform her own programming using hard and software such as financial calculators, Excel, and so on.

As a general rule, financial calculators are NOT allowed in this course; in particular, on exams.

COURSE PREREQUISITES

MGT 261 Principles of Accounting with a minimum grade of 'C' or approval from the Economics Department Chair is required to take this course. The student is required to withdraw from this course if she has not completed this prerequisite or has not received approval from the Department Chair. Failure to withdraw from this course without having met the prerequisite may result in the student being administratively withdrawn from or denied access to the course.

BEHAVIORAL OBJECTIVES

Upon completion of this course, the student should be able to:

1. Summarize the role of financial managers within the firm
 - a. Identify the goal of financial managers
 - b. Identify the characteristics that affect stock price
 - c. Summarize the conflicts between managers, stockholders and bondholders
2. Explain the characteristics of financial markets
 - a. Name three global stock market indices
 - b. Contrast a stock market index and stock exchange
 - c. Calculate a currency exchange rate
3. Assess a firm's balance sheet and income statement to determine performance
 - a. Calculate the equations used to determine firm performance
 - b. Calculate the ratios used to determine firm performance
 - c. Compare company financial ratios with industry financial ratios
4. Decide the appropriate time value of money (TVM) equation to solve a problem
 - a. Define an annuity and annuity due
 - b. Show the equation for the Present Value of an annuity
 - c. Define the components of the TVM equation and apply them
5. Calculate the price of a bond
 - a. Show the equation for the price of a bond
 - b. Define the components of the bond price equation
 - c. Define the relationship between the bond price and the bond yield
6. Assess the risk and determine the required return for a stock and bond
 - a. Show the required rate of return equation for a bond
 - b. Identify the relationship between risk and return
 - c. Calculate the risk of a two security stock portfolio
7. Decide which projects should be invested in by a firm
 - a. Contrast mutually exclusive and independent projects
 - b. Show the calculation for the Net Present Value of a project
 - c. Show the calculations for the Internal Rate of Return of a project

JUSTIFICATION FOR FOUR CREDITS

This is a four credit, three contact-hour course. To justify the additional credit, the student will be required to:

1. Attend a weekly work session (see below).

2. Complete take-home quizzes and assignments for the work session.
3. Read assigned book chapters (see course outline).

COURSE GRADING

The course grade will be determined by:

Two (2) exams	35% (17.5% each)
One (1) comprehensive final exam	30%
Quizzes	20% (eight out of ten: 2.5% each)
Assignment	5%
Attendance and participation	10% (7.5% for attendance; 2.5% for participation)

The following grading scale will be employed:

Percentage Earned	Grade Earned	Percentage Earned	Grade Earned	
93 – 100	A	75 – 78	C+	
90 – 92	A-	70 – 74	C	
87 – 89	B+	65 – 69	C-	
83 – 86	B	62 – 64	D+	
79 – 82	B-	58 – 61	D; below 57	F

Note: (1) The above scale should be regarded as approximate as the instructor reserves the right to make adjustments in awarding final grades. (2) I typically grade exams on a curve.

WORK SESSION

The student is required to attend a work session according to a schedule that will be announced soon. The session will take place Tuesdays from 11:00 AM to 12:30 PM (as decided during the first class). The location for the session will be Cosby 440. The tentative material that is to be discussed in each work session is indicated in the course outline. Additional problems will be announced in due course. Typically, the session will be divided into two parts. The first part will be based on timed problem solving (as practice for the exams) and the second part will focus on the integrated cases at the end of the chapters. The work session is mandatory and attendance will be taken (see attendance and participation policy).

The work session is an integral part of the course. Whereas the lectures tend to be more conceptual/theoretical, the work session will give the student additional practice with/exposure to hands-on problem solving (apart from the take-home quizzes). Thus, the session is complementary to the class lectures and material.

Please note that:

- 1) It is the student's responsibility to come prepared.
- 2) It is NOT the task of the teaching assistant to solve problems while the class takes notes. *Just like a sport, you will only truly learn the necessary skills if you actively participate. Sitting by the sidelines is NOT a sufficient activity!*
- 3) The teaching assistant will periodically call students to the board to aid in solving problems.
- 4) It is imperative that the student abide by these guidelines in order for the session to flow efficiently.

QUIZZES

Quizzes are due by 11:59 PM of the day after they have been assigned. The dates listed in the course outline are **due dates**, which implies that the quizzes will typically be made available the day before. Quizzes will be completed and submitted via Moodle and will close at midnight. This means that the student's submission should be complete by 11:59 PM. **The student should plan accordingly since late submissions will receive a zero (0).** Please avoid losing points in this unnecessary manner by starting on time.

MAKE-UP POLICIES AND EXTRA CREDIT

1. **REGULAR EXAMS:** There are absolutely **NO** make-up exams, whether the absence is excused or not. In case an absence is excused by the Office of the Dean within a week of the missed exam date, I reserve the right to prorate the weight of the missed exam over the remaining exams.
2. **FINAL EXAM:** The final exam absolutely **CANNOT** be made up. If a student misses the final exam, she will receive a zero (0) for the exam. An exception **may** be made if a student seeks approval from me **PRIOR** to the exam by providing a valid documented excuse approved by the Office of the Dean. Even in this case, I still reserve the right to deny the student's request.
3. **QUIZZES:** There are absolutely **NO** make-up quizzes, whether the absence is excused or not. I will drop the two (2) lowest quiz grades when determining the student's overall grade. For example, if a student misses two quizzes, she will receive a zero (0) but those will be dropped.
4. **ASSIGNMENT:** The assignment absolutely **CANNOT** be made up, whether the absence is excused or not. If a student misses the assignment, she will receive a zero (0).
5. **TARDINESS:** Late submissions will **NOT** be accepted. They will receive a zero (0) even if late by one second.
6. **EXTRA CREDIT:** It is my experience that most students fail to submit all possible assignments. As such, it does not make economic sense to give opportunities for extra credit since students are not making use of the opportunities already afforded to them. So, I will **NOT** give extra credit, regardless of the student's circumstances.

THERE ARE NO EXCEPTIONS TO ANY OF THESE RULES.

ACCESS TO EXAMS

Exams in this course are not permitted to enter "the public domain". Although there is no obligation to allow the student to review exams after they have been reviewed in class and collected, if a student wishes to review her exam, I will attempt to accommodate her during office hours.

ATTENDANCE AND PARTICIPATION POLICY

Class attendance and participation are mandatory, as these are integral parts of the class. *As such, 10% of your class grade comes from these components.* Please note the following:

1. Attendance is taken at the beginning of each class.
2. For students who have the habit of arriving after the class begins (late arrival), I reserve the right to count late arrivals as absences. The student is considered late if she is not present when class begins. I typically count tardiness as an absence if the student arrives after I finished taking attendance. In case of excessive lateness (ten minutes after class begins), I reserve the right to bar a student from entering the classroom.
3. If a student misses zero (0, no) classes, she receives 100 for the attendance portion of her grade. If a student misses one (1) unexcused class, she receives 95 for attendance. If a student misses two (2) unexcused classes, she receives 90 for attendance. Any student with three (3) or more unexcused absences will receive a zero (0) for attendance. *This means that this student loses 7.5% of her course grade.* The work session is mandatory and typically, missing it is as if one is missing the lecture.

4. **Any student with five (5) or more absences (excused or unexcused) will be administratively withdrawn from the course. I will email the student a notification and proceed by processing such withdrawal through the Offices of the Dean of Undergraduate Studies and the Registrar.**
5. Class participation will be judged based on thoughtful questions and discussions **and** lack of disruptive behavior during class (see General Code of Conduct section of this syllabus). In particular, if a student uses her cell phone during class (without my permission), she will receive a zero (0) for the participation portion of her grade. *This means that this student loses 2.5% of her course grade.*
THERE ARE NO EXCEPTIONS TO ANY OF THESE RULES.

ACADEMIC INTEGRITY

The following is Spelman College's **Academic Integrity Policy**:

“At the heart of Spelman College’s mission is academic excellence, along with the development of intellectual, ethical and leadership qualities. These goals can only flourish in an institutional environment where every member of the College affirms honesty, trust, and mutual respect. All members of the academic community of Spelman College are expected to understand and follow the basic standards of honesty and integrity, upholding a commitment to high ethical standards. Students are expected to read and abide by the Spelman College Code of Conduct (see the Spelman College Student Handbook) and are expected to behave as mature and responsible members of the Spelman College academic community. Students are expected to follow ethical standards in their personal conduct and in their behavior towards other members of the community. They are expected to observe basic honesty in their work, words, ideas, and actions. Failure to do so is a violation of the Spelman College Academic Integrity Policy.”

Violators will be subject to the sanctions outlined in the Spelman College Bulletin.

GENERAL CODE OF CONDUCT (INCLUDING TECHNOLOGY AND CELL PHONE USE POLICY)

It is understood that any student participating in this course will conduct herself in a manner that is constructive and non-disruptive to the learning environment. This is out of mutual respect for the professor as well as her fellow students.

With this in mind, use of any form of technology—including computers and cell phones—is only allowed if it is absolutely necessary for the student’s learning within the course. If so, the student should see me by the end of the first day of class to discuss and potentially obtain permission to use such a technology. Even if granted, I still reserve the right to revoke this privilege if I note in a future class that such technology is being used for purposes other than learning related to the course.

In the absence of such permission, use of technologies is strictly prohibited unless the professor explicitly requests the students to use such technologies. The student should turn off her cell phone, computer, or any other noise-making device while in class as these can generally be considered disruptive. Any such disturbances will result in automatic eviction from class. NO EXCEPTIONS!!!

DISABILITY STATEMENT

The following is Spelman College's **Disability Statement**:

“Spelman College is committed to ensuring the full participation of all students in its programs. If you have a documented disability (or think you may have a disability) and, as a result, need a reasonable accommodation to participate in class, complete course requirements, or benefit from the College’s programs or services, you should contact the Office of Disability Services (ODS) as soon as possible. To receive any academic accommodation,

you must be appropriately registered with ODS. The ODS works with students confidentially and does not disclose any disability-related information without their permission. ODS serves as a clearinghouse on disability issues and works in partnership with faculty and all other student service offices. For further information about services for students with disabilities, please contact the ODS at 404-270-5289 (voice), located in MacVicar Hall, Room 106.”

THE SPELMAN COLLEGE TEACHER CERTIFICATION PROGRAM

For economics majors who are enrolled in the Spelman College Teacher Certification Program, the content of this course is consistent with the conceptual framework of the Department of Education—a framework that emphasizes the teacher as leader. As one of the departments which participate in the Teacher Certificate Program at the college, this framework has been shared and articulated by students and faculty within the Economics department. The course content is also consistent with the Georgia Quality Core Curriculum in Economics as well as the voluntary National Content Standards of the National Council of Economics Education.

LEARNING RESOURCES CENTER

The Spelman College Learning Resource Center (see <http://www.spelman.edu/academics/academic-support/learning-resources-center>) is located in the Milligan Building, 2nd floor. The Center provides peer tutors for various subject areas, including economics. The schedule of times when peer tutors will be available can be acquired from the Center. This is a valuable resource for student learning and students are urged to avail themselves of the Center. Peer tutors have previously been very successful students in the course.

GENERAL REMARKS

1. Students are expected to plan their air travel at the end of the semester so that it does not conflict with the final exam. The same applies to other types of travel throughout the semester.
2. Students should select a “buddy” in the course from whom they can obtain materials in case they miss class. It is the student’s responsibility to obtain such material and stay up to speed.
3. The syllabus provides a general plan for the course; deviations may be necessary.

COURSE OUTLINE

Date	Topic	Quizzes	Work Session (S)
1/15	Syllabus and introduction		
1/20	Chapter 1		S1: Ch 1, Q1-13 and Ch 2, Integrated case
1/22	Chapter 2	Quiz 1 assigned and due 1/23	
1/23: Add/drop period ends (late registration)			
1/27	Chapter 3		S2: Ch 2, continued and Ch 3, Integrated case
1/29	Chapter 3, 4	Quiz 2 assigned and due 1/30	
2/3	NO CLASS		S3: Ch 3, continued and Ch 4, Integrated case
2/5	NO CLASS, but work session		
2/10	Chapter 4	Quiz 3 assigned and due 2/11	S4: Ch 4, continued and review for exam
2/12	Exam 1 (chapters 1-4)		
2/17	Chapter 5		S5: Ch 5, Integrated case
2/19	Chapter 5		
2/24	Chapter 5	Quiz 4 assigned and due 2/25	S6: Ch 5, continued and Ch 6, Integrated case
2/26	Chapter 6		
3/3	Chapter 6		S7: Ch 6, continued
3/5	Chapter 6	Quiz 5 assigned and due 3/6	
3/10, 3/12: NO CLASS DUE TO SPRING BREAK			
3/17	Chapter 7		S8: Ch 7, Integrated case
3/19	Chapter 7	Quiz 6 assigned and due 3/20	
3/20: Midterm grades submitted			
3/24	Chapter 8		S9: Ch 8, Integrated case and review for exam
3/26	Chapter 8	Quiz 7 assigned and due 3/27	
3/27: Last day to withdraw with a "W"			
3/31	Exam 2 (chapters 5-8)		
4/2	Chapter 9		S10: Ch 9, Integrated case
4/7	Chapter 9	Quiz 8 assigned and due 4/8	
4/9: NO CLASS DUE TO FOUNDERS DAY; Assignment due (details TBA)			
4/14	Chapter 10		
4/16	Chapter 10	Quiz 9 assigned and due 4/17	S11: Ch 10, Integrated case
4/21	Chapter 11		
4/23	Chapter 12	Quiz 10 assigned and due 4/24	S12: Ch 11-12, Integrated cases and review
4/28	Review		
COMPREHENSIVE FINAL EXAM THURSDAY, MAY 7, 10:30 AM – 12:30 PM			