Moravian College  
Department of Economics and Business  
Management 231: Managerial Finance  
Spring 2005

Instructor: Eva Marikova Leeds, Ph.D., Associate Professor  
Office: Comenius Hall 211  
Office Phone: (610) 861-1446  
Home Phone: (610) 896-7865  
e-mail: meeml01@moravian.edu  
Office Hours: Tu & Th 3:45 - 6:00 and by appointment

Prerequisites: ECON 152, ECON 156, and ECON 157


Objectives: The objective of this writing-intensive course is to introduce students to all major long-term decisions facing a financial manager. You will be able to:

- Analyze financial statements using traditional evaluation techniques
- Use discounting to price stocks and bonds
- Evaluate the profitability of real projects
- Choose an appropriate capital structure and dividend policy
- Write more clearly

Requirements:

Homework is due every time we finish a chapter. Doing homework is the best way to learn the material—and some homework problems are on the exams! Every completed homework counts for 0.5% of your grade, up to 6%; it is not graded. I distribute or post answers to all HW, and I review selected HW problems in class. Please turn in all HW before class time on the day it is due. I do not accept late HW.

- If you are doing HW with someone else, you must acknowledge it in writing.
- If you fail to do the HW, your final grade will be two fractions of a grade lower. Moreover, you will struggle with the exams, which will endanger your grade.

To practice your writing and to stay abreast of the news, I assign 4 articles that are related to a topic we cover in class. Your task is to link the major points in the article with the class material. Each article is worth 1% of your grade.

For a project assignment, find a company you wish to evaluate and access its Annual Report. Keeping with the writing intensive nature of the course, part of your grade will be determined by the quality of your writing. You are encouraged to rewrite Parts I and II. Part I of the project is due with Chapter 6 HW and the Part II is due before Spring Break. Part III is due with Chapter 11 HW and Part IV with Chapter 12 HW. I offer extensions. All parts of this assignment will be posted on Blackboard.
There will be an exam every three to four chapters. I provide all necessary formulas on the board or on a handout. Because this is a writing intensive course, each exam will have several short essays, and part of the grade will depend on the quality of your writing. The last exam is during finals week and is given according to the college exam schedule. I offer an optional cumulative final exam if you wish to replace the lowest exam grade. It focuses on the class objectives listed above; I distribute the topics beforehand. You can take either exam if you do not wish to replace the lowest grade.

I give make-ups only in exceptional circumstances and in verifiable medical emergencies. When you find yourself in such a situation, please let me know as soon as possible. My e-mail address and phone numbers are listed above.

A Careers in Banking Conference is scheduled for Wednesday, February 23, 2005, from 6:30 - 8:30 in the HUB. It will feature a CEO panel and a networking reception. You are encouraged to attend; I accept a page-long write up of your impressions and experiences for extra credit.

Tentative exam dates:
- Exam 1: February 3 (Thursday)
- Exam 2: February 24 (Thursday)
- Exam 3: March 31 (Thursday)
- Exam 4: Final Exam Time
- Final Exam: Final Exam Time

Expectations:

Some of you may find finance a bit challenging, but all of you can earn a good grade. All that you need is diligence and dedication. For every hour of class time, you should study an additional two hours. You must read the book and do the homework regularly, as well as study the homework assignments before each exam. I give evening reviews to help you, and I encourage you to see me during office hours, both alone and in groups. To ease your HW and exam preparation, I post lectures and assignments on Blackboard. I also encourage you to use the self-test exercises that are provided on the text website, www.mhhe.com/rwj.

Grading:

Articles: 4%
Homework: 6%
Projects: 18%
Four Exams: 72%

Grading Scale:

93 - 100: A 90 - 92.99: A-
87 - 89.99: B+ 83 - 82.99: B-
77 - 79.99: C+ 73 - 72.99: C-
67 - 69.99: D+ 63 - 62.99: D-
00 - 59.99: F
**Attendance Policy:**

Attendance does not enter your grade directly, but it has a large impact indirectly. Attendance offers an opportunity to participate and to learn from your classmates. Listening to lectures and reading the text reinforce one another.

**Academic Honesty Policy:**

I encourage you to study in groups and to discuss all homework, but you must write your own answers. If you copy your answers from another student or from existing handouts, or if you let another student copy from you, you will receive zero for the HW assignment. If a student asks you for a copy of your HW, do not give it to him/her. If you copy an exam answer from another student, you will receive zero on the exam.

Copying is especially problematic for the projects, which are more complex and represent a larger part of your grade. Please list the people you worked with on the bottom of each project. If you work in groups, you will have similar answers, but they must be expressed in your own words. Do not read another student's work, as your answers will inevitably sound the same!

Beware of plagiarism! Since you are summarizing articles and some historical information for your project, it is very tempting to rephrase the original document. Try to rethink and reformulate the information in your own words. If this is too complicated, you must use quotation marks if you lift three or more words from the original. (My standard is strict, but it provides good practice for using quotes.) If you plagiarize, you earn zero on the assignment.

Please read the section “Academic Honesty” in the Student Handbook.

**Schedule:**

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<thead>
<tr>
<th>Week</th>
<th>Topics</th>
<th>Text</th>
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<tr>
<td>Jan. 10</td>
<td>Introduction to Financial Management</td>
<td>Chapter 1</td>
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<td>Creating Value (Art 1)</td>
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<td>To the Barricades</td>
<td>Surowiecki</td>
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<td>Financial Statements &amp;Taxes</td>
<td>Chapter 2</td>
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<tr>
<td>Jan. 17</td>
<td>Working with Financial Statements</td>
<td>Chapter 3</td>
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<td>Time Value of Money</td>
<td>Chapter 4</td>
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<td>Money can’t buy LOVE Park</td>
<td>Enquirer</td>
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<tr>
<td>Jan. 24</td>
<td>Time Value of Money</td>
<td>Chapter 4</td>
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<td>Discounted Cash Flow Valuation</td>
<td>Chapter 5</td>
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<tr>
<td>Jan. 31</td>
<td>Review</td>
<td>Chapters 1-4</td>
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<td>Exam 1 (2-3-05)</td>
<td>Chapters 1-4</td>
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Feb. 7  
Discounted Cash Flow Valuation  
Interest Rates and Bond Valuation  
*TWSJ:* Bond Article (Art 2)  
Chapter 5  
Chapter 6

Feb. 14  
Equity Markets and Stock Valuation  
Chapter 7

Feb. 21  
Review  
Exam 2 (2-24-05)  
Chapters 5-7  
Chapters 5-7

Feb. 28  
Investment Criteria  
Chapter 8

March 7  
Spring Break  
Enjoy!

March 14  
Investment Decisions  
Chapter 9

March 21  
Capital Market History  
Chapter 10

March 28  
Review  
Exam 3 (3-31-05)  
Chapters 8-10  
Chapters 8-10

April 4  
Risk and Return  
Chapter 11

April 11  
The Cost of Capital  
Chapter 12

April 18  
Leverage and Capital Structure  
Chapter 13

April 25  
Dividends and Dividend Policy  
Review  
Chapter 14  
Chapters 11-14

May 2  
Exam 4  
Chapters 11-14

The syllabus is subject to change.