Administrative Information
Office: Comenius Hall 212 E-Mail: jrt3@moravian.edu
Office Hours: Telephone: 861-1409
Tue. & Thu. 10:00-11:30 & 4:30-6:30 Fax: 625-7919
& By Appointment

Bulletin Board
http://blackboard.moravian.edu/. The bulletin board will be used to post announcements and
course materials. Please note that you are responsible for all bulletin board postings.

Course Prerequisites
Accounting 157. Economics 152 and 156.

Textbook

Textbook Web Site
http://highered.mcgraw-hill.com/sites/0072510765/information_center_view0/. Features include
chapter review material, self-grading quizzes, interactive exercises, a career corner, and Web
links.

Calculator
A calculator is necessary for classes, assignments, and exams. Your calculator must be able to
compute powers ($x^y$).

Course Description
This writing-intensive course is an introduction to finance, with an emphasis on the corporate
form. Financial statement analysis. Time value of money. Bond and stock valuation. Risk and
Course Objectives

- Understand the basic types of financial management decisions and the role of the financial manager.
- Analyze financial statements to determine cash flow, compute and interpret financial ratios, and identify sources of profitability and growth.
- Learn how to value money with respect to time.
- Apply the time value of money concept to the valuation of assets and firms.
- Examine the relationship between risk and return and how this relationship impacts the valuation of assets and firms.
- Investigate the criteria used in project valuation and how the relationship between risk and return impacts the firm’s budgeting decisions regarding capital investments.
- Examine how the firm determines its cost of capital.
- Learn how to communicate analytical insights and conclusions through effective writing.

Course Requirements

The course grade is based on a maximum of 1,000 points allocated as follows.

- Class Participation: 50 points
- Problem Sets: 150 points
- Midterm Examinations: 300 points
- Final Examination: 200 points
- Semester Project: 300 points

In addition, there are deductions for excessive unexcused absences (see below).

The final grade distribution and the resolution of borderline cases will be based on my subjective evaluation of overall class and individual student performance.

CLASS ATTENDANCE: Class attendance is required. You are allowed two unexcused absences. Each unexcused absence beyond the second will result in a penalty of 50 points. The determination as to whether an absence will be considered excused is at my discretion. If you have to miss class due to participation in a College-sanctioned activity, please let me know as soon as possible.

CLASS PARTICIPATION: Class participation has two primary components. First, you are expected to make meaningful contributions to the class discussion. Second, you are expected to arrive to class on time ready to work, to exhibit appropriate classroom behavior, and to approach this course and your obligations to it in a professional, responsible manner. This includes remaining in class for the entire period unless extenuating circumstances require you to leave.
**PROBLEM SETS:** There will be three problem sets. Late submissions will not be accepted. You are encouraged to discuss the problem sets with each other and with me, but you must write up your own solutions independently.

**MIDTERM EXAMS:** Two midterms will be given in class on Thursday, February 10 and Thursday, March 24. No make-up exams will be given. If you miss one midterm and have notified me beforehand – and your excuse is deemed valid – then the weight on the other midterm will be 200 points and the weight on the final will be 300 points. If you miss both midterms, then your midterm grade will be 0/200.

**FINAL EXAM:** The final will be given between Monday, May 2 and Saturday, May 7 at a date, time, and place to be determined by the Registrar. *Alternate arrangements for taking the final cannot be considered; therefore, please plan accordingly.* Only the Dean for Academic Affairs may authorize a make-up final.

**SEMESTER PROJECT:** The semester project will provide an opportunity for you to get hands-on experience in applying corporate finance theory to a real firm. The primary components of the project include:
- Overview of the firm’s operations and governance.
- Analysis and evaluation of the firm’s operations and financial condition.
- Analysis and evaluation of the firm’s market valuation.

Anticipated due dates are as follows.
- Company Selection: **Friday, January 21**.
- Stage 1: **Friday, February 25**.
- Stage 1 Rewrite: **Friday, April 8**.
- Stage 2 and Recommendation: **Friday, April 29**.

For each stage, I will provide an overview of the questions that you should focus on and the analytical tools, data, and resources that you will need. In keeping with the writing-intensive nature of the course, the project grade will depend on both the content of your analysis and the quality of your writing, and you will be expected to revise and refine your work as you proceed through the project.

**Practice Problems**
Approximately 12 practice problems will be distributed throughout the semester. These problems are not collected; however, they are an essential part of the course, and you are strongly encouraged to do them. Based on past student evaluations and my own observations, satisfactory performance in the course depends heavily on your making a good-faith and independent effort to work through the practice problems.
**Academic Honesty**
You are expected to abide by the College’s Policy on Academic Honesty as stated in the Student Handbook. The Policy is also available on the campus Intranet’s P drive under: \pawn\public\acdean\Policy Statements\\Rook\public\acdean\Policy Statements\Academic Honesty Policy.DOC.

**Cell Phones**
Cell phones, camera, phones, pagers, and similar devices are prohibited during classes and exams.

**Crib Sheets**
Exams are closed-books, closed-notes. However, you will be able to refer to one crib sheet (standard 11x8½, both sides) for each midterm and two crib sheets for the final. Your crib sheets must be handwritten. No copying, cutting, pasting, reducing, etc. of printed material is permitted.

**Regrades**
Appeals for regrades should be submitted in writing and accompanied by your original solution. You should identify the question(s) you wish to have regraded and give a brief explanation. Appeals must be submitted within one week after the graded material has been returned to the class.

**General Comments**
Lectures and readings are designed to be complementary; therefore, neither should be taken as a substitute for the other. In particular, there will be material presented in lecture that is not covered in the textbook (and vice versa). You are responsible for all topics covered in lectures, problems (in-class, practice, problem set), assigned reading, handouts, and bulletin board postings.

The challenge of finance is due more to the denseness of the material than to its difficulty. There are a significant number of terms, concepts, and analytical tools that you will have to learn. In order to attain this objective, you must be willing to work through the material proactively with pencil and paper (and eraser) in hand – a rather inelegant but proven approach.

Since the sequence of topics is cumulative, it is very important that you attend class and keep up with the material as it is presented. If you have to miss class, you should obtain and review the notes from a classmate before the next class. You should also check the bulletin board for new postings.

Finally, please do not hesitate to call, email, or stop by the office if you have questions or are having difficulty.
Course Outline and Textbook Readings
Chapters refer to Ross, Westerfield, and Jordan, 4d ed. Coverage and sequencing of topics may change as the course progresses. Additional notes and short readings will be handed out in class or posted on the bulletin board.

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