Moravian College
Department of Economics and Business
ECON&MGMT 231 A&B: Managerial Finance
Spring 2006

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Office Hours: M & W 2:00-4:00, and by appointment

Prerequisites: ECON 152, ECON 156, and ECON 157


Objectives: This writing-intensive course introduces students to all major long-term decisions facing a financial manager. You will learn 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. Nevertheless, I expect you to answer the word problems carefully, using good English. For calculation problems, please provide your answers in a full sentence. If your answers are too terse or your sentences unclear, I will not give you full credit. 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. Part I of the project is due with Chapter 5
HW and must be taken to the Writing Center before you turn it in. 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, but unlike previous years, there are no rewrites. 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 either a cumulative final exam from Chapters 1-10 & 12 or an hourly exam from Chapters 11-14. The final exam focuses on the class objectives listed above; I distribute the topics beforehand. If you take both exams, I drop the lowest exam 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 tentative meeting to review some basic writing guidelines is scheduled for Monday, January 30 at 7 P.M. You are responsible for attending.

Tentative exam dates:*  
Exam 1: February 8/9 (Wednesday/Thursday)  
Exam 2: March 1/2 (Wednesday/Thursday)  
Exam 3: April 3/4 (Monday/Tuesday)  
Exam 4: May: Final Exam Time  
Final Exam: May: Final Exam Time
*We may have a common exam on Tuesdays.

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 and 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.

URL: http://highered.mcgraw-hill.com/sites/0072510765/sitemap.html

Grading:

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Articles</td>
<td>4%</td>
</tr>
<tr>
<td>Homework</td>
<td>6%</td>
</tr>
<tr>
<td>Projects</td>
<td>18%</td>
</tr>
<tr>
<td>Four Exams</td>
<td>72%</td>
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</tbody>
</table>
Grading Scale:

93 - 100: A  90 - 92.99: A-
87 - 89.99: B+  83 - 86.99: B  80 - 82.99: B-
77 - 79.99: C+  73 - 76.99: C  70 - 72.99: C-
00 - 59.99: F

Attendance Policy:

Attendance does not enter your grade directly, but it has a large impact indirectly. I urge you to come to class regularly! Attendance allows you 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 are doing HW with someone else, you must acknowledge it in writing. If you work in groups on projects, acknowledge it, yet provide the same answers, I will give you zero points for all same 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 whole 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.

Beware of plagiarism! You are not allowed to lift phrases from the original without attribution. Since you are summarizing articles and some historical information for your project, it is very tempting to merely rephrase the original document, but that is still plagiarism. 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. Repeated academic dishonesty results in failure for the course.

Schedule:

<table>
<thead>
<tr>
<th>Week of</th>
<th>Topics</th>
<th>Text</th>
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<tbody>
<tr>
<td>Jan. 16</td>
<td>Introduction to Financial Management</td>
<td>Chapter 1</td>
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<td></td>
<td>Creating Value (Art 1)</td>
<td>Goizueta</td>
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<td>To the Barricades (Art 2)</td>
<td>Surowiecki</td>
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<tr>
<td></td>
<td>Financial Statements &amp;Taxes</td>
<td>Chapter 2</td>
</tr>
<tr>
<td>Jan. 23</td>
<td>Working with Financial Statements</td>
<td>Chapter 3</td>
</tr>
<tr>
<td></td>
<td>Time Value of Money</td>
<td>Chapter 4</td>
</tr>
</tbody>
</table>
Money can't buy LOVE Park

Jan. 30
Time Value of Money
Discounted Cash Flow Valuation

Feb. 6
Review
Exam 1 (2-8/9-05)

Feb. 13
Discounted Cash Flow Valuation
Interest Rates and Bond Valuation

Feb. 20
Equity Markets and Stock Valuation

Feb. 27
Review
Exam 2 (3-1/2-06)

March 6
Spring Break

March 13
Investment Criteria

March 20
Investment Decisions

March 27
Capital Market History
Review

April 3
Exam 3 (4-3/4-06)
Risk and Return

April 10
The Cost of Capital

April 17
Easter Monday
Leverage and Capital Structure

April 24
Dividends and Dividend Policy
Review

May 1
Exam 4 and/or Final Exam

The syllabus is subject to change.

Part I of the Project is attached!