

MGT 326: Financial Management Fall 2014

Instructor: Deborah D. Pierson, MBA (Finance)

Office Hours: by appointment

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Class Schedule:

Mgt 326 – 001
Mgt 326 – 003

Tue – Thur 9:30 – 10:45
Tue – Thur 11:00 – 12:15

ASM 1064
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Required Materials:

- Parrino, Robert, Kidwell, David, Bates, Thomas, *Essentials of Corporate Finance*, Wiley
- A financial calculator (see below)

Pre- and Co-requisites:

MGT 202 (Principles of Financial Accounting), MGT 290 (Introduction to Business Statistics); MATH 180 (Elements of Calculus I); ECON 106; and CS 150 (Computing for Business Students). Although the catalogue does not list MATH 181 (Elements of Calculus II) as a prerequisite, MATH 181 is useful. We will make extensive use of economics principles, accounting principles and skills and statistics principles and skills during this course. I will review but not re-teach some of these principles and skills. You may have to review and relearn others on your own.

Course Description:

This course is a BBA core course. The knowledge acquired in this course is vital for success in advanced non-finance and finance courses.

This is a survey course aimed at acquainting students with the basic financial decision-making vocabulary, fundamental valuation problems and methods, legal/tax/economic environment in which businesses operate, and general sources of business information.

The course is designed to explain the substantive parts of financial management. It is not an "investment" course, *per se*, although many of the skills taught can be used for financial investment purposes. The student will learn the theory of financial management and how to apply it in the business world. Although most of the descriptive material necessary for the study of financial management will be discussed, more emphasis will be placed on the analytical and quantitative methods developed in recent years. The underlying theme is the valuation of financial assets and business projects, whether they be investment projects or business policies such as extending credit to customers. The course is also intended to stimulate the interest in the field of finance as an area of further study and as an area of practice for a life-long career.

The ultimate goal is to develop critical thinking so as to evaluate dispassionately the merits and demerits of different policies and projects and of techniques of financial management. This analytical ability can be developed by solving and discussing problems. We will work many problems in class.

I recommend that you regularly read the *Wall Street Journal* or similar publication to increase your understanding of business and finance. Please feel free to ask any questions you have related to this reading.

Specific Learning Objectives:

- Understand the financial environment.
- Understand interest rates and interest rate yield curves.
- Know how to make time-value-of-money calculations.
- Know how to use a financial calculator.
- Know how to determine and assess the value of financial assets (securities, projects and businesses)
- Understand the concept of financial risk and its role in asset valuation and financial decision making.
- Know how to conduct capital budgeting analysis.
- Understand how to apply the concepts of finance to various problems.

Attendance:

You are not required to attend every class and I will not penalize you for absences. However, you are responsible for all material presented in class, regardless if you were present or not. This includes instructions on assignment format and turn-in procedures. **If you miss class, I will be glad to tell you what material you may have missed but I will not re-teach it.**

Homework / quizzes:

Homework will be assigned to help you develop your skills and to increase your understanding of course material. Homework is due one week after we have completed the chapter in class. **Late homework will not be accepted.** In case of University closure, the home work will be due the next class period. Homework solutions will be posted after the assignment due date.

Random quizzes will be given throughout the semester to gauge the understanding of a certain topic. These will not be announced prior to the quiz.

Special Topic Homework Projects:

Additionally you will be required to complete three research projects. Instructions for these projects will be posted on the course website. I will discuss these instructions in class shortly after we cover the relevant material. These are group projects. Further details will be announced in class.

Examinations:

There will be two exams and one cumulative final exam. You may use one calculator and one sheet of formulas / notes. Full credit will be awarded for all correct answers and partial credit will be awarded for partially correct answers as I deem appropriate. There is a difference between being partially correct and being wrong. I will award partial credit on problems.

Course Grade Computation:

Special Topic H/W	15%
Homework / Quiz	10%
Exam 1	20%
Exam 2	25%
Final Exam	30%
TOTAL	100%

In addition to the above point availability, there may be opportunities for extra credit in the class. The exact nature of available extra credit points is determined based on class progress and is thus not specified ahead of time. Typically, there is an extra credit problem available on the exams. I also reserve the right to award extra credit points for work that I deem well above minimum expectations.

Grading Scale:

97 - 100	A+
94 - 96	A
90 - 93	A-
87 - 89	B+
84 - 86	B
80 - 83	B-
77 - 79	C+
74 - 76	C
70 - 73	C-
0 - 69	F

Financial Calculator:

A financial calculator is essential in this class and in all advanced finance classes. I recommend that you use the Texas Instruments BAII Plus which cost approximately \$30 and is sufficiently powerful for all calculations taught in this course. A scientific calculator is not a good substitute. We will be spending class time working problems providing in-class instruction throughout the semester on using the financial calculators. Please bring your calculators to all classes.

How to do well in this course:

- **Come to class prepared.** Participate in class discussions. Take notes. Get to know others in the class.
- Do all the assigned readings, homework assignments, and suggested study problems and questions.
- Stay current! It is important that you review class notes on a routine basis in order to identify things you don't understand or may need help with. I recommend that you review your class notes at least once a week. Don't wait until the weekend prior to a test. That's not the best time to realize that you don't understand something.
- Make an appointment to meet me whenever you're having difficulty or have questions you would like to discuss outside of class.
- Form or join and participate in a study group.
- Visit the Finance Learning Lab

Finance Learning Lab: Details to be announced in class

Class Slides:

The chapter notes will be available on my website www.unm.edu/~dpierson for your use. Slides for each class will be available no later than 10:00pm the evening prior.

Email / Text Response:

I will try to answer your emails or texts on the day I receive them and no later than 24 hours after I receive them. If you do not get a response from me within 24 hours your message may have not have made it through so please resend or call.

The Finance Concentration:

The finance concentration requires 15 hours of course work beyond MGT 326. Students satisfy this requirement with five of the following six courses: MGT 426 (Advanced Problems in Financial Management), MGT 470 (Financial Markets and Institutions), MGT 471 (Investment Analysis and Management), MGT 473 (Commercial Banking), MGT 474 (International Finance) and MGT 476 (Derivatives: Futures and Options).

Special Services:

Special services are available at UNM to ensure access for students with all federally defined disabilities. If you are a qualified person with disabilities who might need reasonable accommodations in academic settings, please communicate with me as soon as possible so that I can make appropriate arrangements to meet your needs.

Academic Integrity:

Each student is expected to maintain the highest standards of honesty and integrity in academic and professional matters. Dishonesty is defined as a lack of truth, honesty or trustworthiness. Cheating is defined as influencing or leading by deceit. Deceit is defined as intending to mislead and commonly suggests a false appearance.

Students should be familiar with UNM's [Policy on Academic Dishonesty](#) and the [Student Code of Conduct](#) which outlines academic misconduct defined as plagiarism, cheating, fabrication, or facilitating any such act.

Examples (not exhaustive) of dishonest behavior include:

- Uses or attempts to use unauthorized aids in examinations or other academic assignments to be submitted for evaluation
- Misrepresentation of data, results or sources for papers or reports
- Copying another student's work

Anderson School of Management faculty, staff and students commit to values of trust, honesty, integrity, and accountability. We will not tolerate academic dishonesty. **By enrolling in any course at Anderson, the student accepts the Anderson Academic Honesty Code and affirms the following pledge: I will not lie, cheat, fabricate, plagiarize or use any other dishonest means to gain unfair academic advantage.**

Any violation of the code of conduct will be taken very seriously and appropriate sanctions will be applied. For full text of Anderson's Academic Honesty Code, please visit <http://www.mgt.unm.edu/honesty>

Approximate Schedule:

The schedule shown below is a plan, not a contract or promise. To accommodate class discussions and real-world topics, we may spend more time on some topics and less on others, thus causing the schedule to change. Please note that the order of topics or exams listed below is my best guess and does not imply that it will occur in that week. The exams are fluid and may change. **If you miss class it is your responsibility to find out when the exams are.**

Week		<u>Topic / Chapters to read</u>	
1	18-22 August	Course Intro/Syllabus Review Ch 1: The roll of the financial Manager Ch 2: The Financial System and the Level of Interest Rates	
2	25-29 August	Ch 2: Continued Ch 3: Financial Statements, Cash Flows and Taxes	
3	1-5 September	Ch 4: Analyzing Financial Statements	
4	8-12 September	Ch 5: Valuation of Future Cash Flows	
5	15-19 Sept	Ch 5: Continued Ch 6: Risk and Return	

6	22-26 Sept	Ch 6: Continued Review for Exam	
7	29 Sept-3 Oct	Exam Ch 7: Bond Valuation and the structure of interest rates	
8	6-10 October	Return exams Fall break	
9	13-17 October	Ch: 7 Continued	
10	20-24 October	Ch 8: Stock Valuation	
11	27-31 October	Ch 8: Continued Ch 9: Capital Budgeting Decisions	
12	3-7 November	Ch 9: Continued Ch 10: Cash Flows and Capital Budgeting	
13	10-14 November	Ch: 10 Continued Review for Exam	
14	17-21 November	Exam Ch 11 The Cost of Capital	
15	24-28 November	Thanksgiving	
16	1-5 December	Return exams	
17	8-12 December	Final Exam Schedule:	