

FIN 2805: FINANCIAL DECISION MAKING Summer Quarter 2008 – CRN 1717



GENERAL COURSE INFORMATION

FIN 2805 Financial Decision Making

This course is intended as an introduction to basic business finance. The emphasis is on analysis and decision-making. Exams will be primarily problem oriented. Classes will be primarily lecture method, with problem solving a part of the lecture. While problems will be assigned where appropriate, they will not be collected, and they are not an explicit part of your grade. Attempting to solve the problems prior to class will help you in learning the material and your course grade. Prerequisites: ECON 1032 and ACTG 1805. Four (4) quarter hours.

Prerequisites: ECON 1032, and ATCG 1805

Meeting Time and Place:

Saturday 8:00 AM – 12:00 Noon

Classroom: **TBD**

June 21, June 28, July 12, July 19, August 2, August 9, August 23

FINANCE PROFESSOR INFORMATION

Name: Andrew J. Sherbo, Ph.D., CFP

Office Location: DCB 555

Phone: (719) 474-8107 (Colorado Springs office) and (303) 871-3322 (DU Office)

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Office Hours: Monday and Wednesday, 10:30 AM – 11:30 AM in DCB 555. Also, by Appointment.

COURSE MATERIALS:

Textbook: *Contemporary Financial Management*, 11th ed. by Moyer, McGuigan and Kretlow. ISBN-13: 978-0-324-65350-2. Copyright 2009. South-Western, Cengage Learning.

GENERAL COURSE OBJECTIVES

Learning Outcomes:

At the end of this course the successful student will be able to:

1. Understand the role of the financial manager and the goal of the firm that the financial manager should use to make decisions.
2. Calculate and apply various ratios in evaluating the financial performance of a firm using accounting statements.
3. Calculate the quantity and dollar break-even points and determine the impact of price, fixed costs and variable costs. Define and calculate the degree of operating, financial and combined leverage explaining the risks associated with higher levels of each.
4. Solve moderately complex present and future value problems, amortize loan payment schedules, calculate effective interest rates, and compute net present value and internal rate of return.
5. Calculate the intrinsic value of a corporate bond and the intrinsic value of a share of stock.
6. Identify the cash flows relevant for capital budgeting decisions and apply the proper decision criteria to make capital budgeting decisions.
7. Identify the marketable securities that are appropriate for a firm's investment of its excess cash and the list the characteristics of each type.

CLASSROOM FORMAT

Classroom activities combine lectures and problem solving activities. Our goal is to help students understand the theory and practice of key concepts in finance. Students prepare for class by reading assigned material in the text and working assigned problems.

STUDENT EVALUATION AND GRADING

Category	Date	Percent of Grade	Points
Exam I	July 19	30%	3,000
Research Paper	August 2	30%	3,000
Exam II (Final Exam)	August 23	30%	3,000
Class Participation	Jun 21 – Aug 23	10%	1,000
Total		100%	10,000

- **Exams (60%).** Both Exams will be a combination of problem solving and multiple choice questions. All Exams will be open note and open book.
- **Research Paper (30%).** Each student will select a publicly traded corporation and perform a financial analysis of that corporation. The analysis will include at a

minimum the following topics:

- Analysis and trends of key financial ratios, and comparison to the appropriate industry averages/trends
 - Analysis of the company's stock price and whether it is achieving the maximization of shareholder wealth
 - Recommendations for the company
 - Maximum length: 8 pages, double-spaced. *Note:* Tables/Graphs do not count against the 8-page limit. Due Date: August 2.
 - Company Selection: June 21 (first class), so bring names of some companies you may be interested in for your analysis.
- **Class Participation (10%).** You are expected to read all assigned chapters/readings *before* each class. All students are expected to attend all classes, prepare for each class and participate in class discussions – we learn from each other. A participant's class grade will be based on the professor's assessment of the quality of the participant's constructive contributions to the learning experiences of all course participants. A high participation grade may be earned by asking text-informed questions about course subject matter, but simply attending classes will not guarantee high participation credit. When speaking in class sessions, a participant must address the members of the class, not just the professor. Exchanges will be orderly, cooperative, informed – in short, constructive. Every participant will be involved in class discussions, but no one may dominate the discussion. A participant must contribute constructively to class discussions to receive a high course participation grade.

Attendance in Class. Attendance in class will be taken. Although Attendance is not a specific percentage of the course grade, it can affect the grade you will receive for this course. This would apply for a student who is at the upper point of the particular Course Percentage range as noted above, within one percent (1%) of the next higher grade. For example, a student with an 89% Course Percentage would receive a B+. However, with a perfect attendance record this would result in a 90% Course Percentage and an A- for the Course. Thus, Attendance can affect the course grade.

Laptops. If you have a laptop, it would be a good idea to bring it to class. We will be accessing real-time financial data throughout the course.

Grading Scale:

Course Percentage	Points	Grade
94.00% - 100.00%	9,400 - 10,000	A
90.00% - 93.99%	9,000 - 9,399	A-
86.66% - 89.99%	8,667 - 8,999	B+
83.33% - 86.65%	8,333 - 8,666	B
80.00% - 83.32%	8,000 - 8,332	B-
76.66% - 79.99%	7,667 - 7,999	C+
73.33% - 76.65%	7,333 - 7,666	C
70.00% - 73.32%	7,000 - 7,332	C-
66.66% - 69.99%	6,667 - 6,999	D+
63.33% - 66.65%	6,333 - 6,666	D
60.00% - 63.32%	6,000 - 6,332	D-
Below 60.00%	Below 6,000	F

SCHOOL POLICIES**Official Communication:**

The standard method of communicating official information is the University's electronic mail (e-mail) system and our Class Blackboard. Private e-mail accounts will not be accepted as appropriate e-mail addresses. Students need to set up a University e-mail account so that messages are forwarded to another account automatically.

Policy on Classroom Environment:

The optimal learning environment may be impaired significantly when the class as a whole is distracted from its intended focus by the actions of a few. Accordingly, classroom computers should be used only as directed by the instructor(s). Also, in-class use of cell phones, beepers and other devices that potentially may create classroom distractions is prohibited (e.g., cell phones must be set on silent). Further, the behavior of each member in the class must be conducive to the learning of the class as individuals and as a whole.

Policy on Final Examinations:

There are many good reasons that final exams be administered during the examination period. The Undergraduate Council's policy states that "all final exams will be given during the final exam period."

Honor code: Code of Academic Integrity

The Code of Academic Integrity (Code) is binding on all students, staff, faculty and administrators. Our learning community seeks to foster a healthy spirit of competition and cooperation and recognizes that one complements the other. ... [T]he just community ... work[s] in concert to develop humanity in the individuals and to preserve and nurture the culture of the community.

At the core of our community are certain bedrock principles. The Code ... is the written expression of those shared ethical norms, standards and principles. ... [A]ll assume the obligation to protect the community and to not tolerate conduct which is inimical to the goals of the community. Deeply shared virtues that serve as guideposts for right action are prudence, courage, trust, honesty, integrity, beneficence, civility, dependability and tolerate.

The Academic Integrity is violated when any member of the community appropriates the work of another as his/her own without attribution. Whether in testing, research, case studies, written reports or other academic assignments, using that which is the product of another's intellectual effort and representing it as one's own is a violation intolerable to the integrity of the community of the University of Denver. The academic integrity of the University is also violated when any member of the community takes unfair advantage of his/her colleagues or gives assistance to such conduct whether in testing or in the development of other academic assignments.

FIN 2805 Course Outline Summer Quarter 2008 (CRN 1717)

<i>Date</i>	<i>Topics</i>	<i>Reading Assignments</i>	<i>Problem Assignments</i>
6/21	Introduction to the Course Evaluation of Financial Performance	Chapter 1, Chapter 3	Chapter 1: <i>Questions and Topics for Discussion</i> , 1 and 14
6/28	Breakeven Analysis Capital Structure in Practice	Chapters 14, 14A	Chapter 3: Problems 2, 4, 5, 6, 10, 13, 18
			Chapter 14: Problems 2a, 2b, 14 Chapter 14A: Problems 1,4, 6
7/12	Time Value of Money	Chapter 5	Chapter 5: Problems 1, 2, 6, 7, 13, 25, 32
7/19	Exam I: First Half of Class	Chapters 1, 3, 5, 14, 14A	
	Fixed Income Investments: Second Half Class	Chapter 7	Chapter 7: Problems 3, 4, 10
8/2	Preferred Stocks Common Stocks	Chapter 8	Chapter 8: Problems 1, 2 Research Paper Due
8/9	Capital Budgeting Cash Flow Analysis Decision Criteria	Chapter 9 Chapter 10	Chapter 9: Problems 4, 5 Chapter 10: Problem 4
8/23	Review for Exam II: First Half of Class	Chapters 7, 8, 9, 10	
	Exam II: Second Half of Class	Chapters 7, 8, 9, 10 and Time Value of Money Chapter 5	