Syllabus

FIN3320-03

Professor James Owens

Classroom Location: MW 2:30 pm/ Amarillo Center
Office Location: Classroom Center Room 220-A
Office Hours: Mon- Thur. 10:00 – 11:30 or by appointment
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Other: jkowens.com

Last Updated: August 1, 2009. This Syllabus is a dynamic document. Elements of the course structure (e.g., dates and topics covered, but not policies) may be changed at the discretion of the professor.

COB Mission Statement

The mission of the College of Business is to provide high quality undergraduate and graduate business education with a global perspective and ethical awareness. We accomplish this through emphasis on excellence in teaching, which is strengthened by faculty scholarship and supported by professional service.

COB Learning Goals

- **Functional Business Knowledge**: Students will examine the core concepts within each business discipline; accounting, finance, marketing, management, statistics, and computer information systems.
- **Communication Skills**: Students will demonstrate a competency in writing, speaking, and technology communication.
- **Micro Business Environment Skills**: Students will be able to analyze business situations, to include integrating the roles of functional areas, using information and logic to make cross functional recommendations for problem solving and decision making. Students will be able to analyze non-market issues occurring at the intersection of a business and the society it operates in, to make sensible recommendations for managing such intersections, and to do both consistent with good business ethics. Focus on critical thinking and ethical applications.
- **Macro Business Environment Skills**: Students will develop an awareness of domestic issues, international issues, cross-cultural issues, and teamwork applications. Focus on global, multicultural, and teamwork applications.

Course Description

Our classroom efforts will be directed toward understanding basic concepts and analytical techniques appropriate to the financial management of a non-financial corporation. The course relies heavily upon a lecture/small problem format and your efforts to work the assigned problems, to ask questions in class and to take an active role in the learning process will be essential to your understanding of the material. The subject matter is central to the overall management of any firm and future courses you take presume a strong grasp of the fundamentals of this subject. Consistent attendance and active class participation will be
rewarded both in the final grade and in your understanding since our discussions will likely range beyond the textual material.

**Course Objectives**

- Students will demonstrate knowledge of the role of the finance function of the firm.
- Students will demonstrate knowledge of financial markets and efficiency.
- Students will demonstrate knowledge of time value of money.
- Students will demonstrate knowledge of stocks and bonds.
- Students will demonstrate knowledge of capital budgeting and the cost of capital.
- Students will demonstrate knowledge of risk, return, and diversification.
- Students will demonstrate knowledge of financial statement analysis.
- Students will demonstrate knowledge of international markets and exchange rates and how exchange rates play in the movement of capital flows between countries.

**Map from COB Learning Goals to Objectives for this course**

**Learning Outcome:**

- Students will demonstrate knowledge of time value of money. Explicit learning outcomes are to: (1) Analyze and solve the calculation for the value of a single sum; (2) Analyze and solve the calculation for the value of an annuity; (3) Assess the relationship between rates of return and the value of cash flows; (4) Summarize the compounding and discounting process; (5) Analyze and solve the calculation of a deferred annuity; (6) Analyze and solve the calculation of a perpetuity; (7) Analyze and solve the calculation of the effective interest rate; and (8) Assess the role of time value of money on personal financial planning.
- Students will demonstrate knowledge of stocks and bonds. Explicit learning outcomes are to: (1) Generalize the features of a bond; (2) Calculate the value of a bond; (3) Assess factors affecting the value of a bond; (4) Synthesize the relationship between interest rates and price of a bond; (5) Generalize the features of a stock; (6) Calculate the value of a stock; (7) Assess the role of dividends in the value of a stock; (8) Assess the role of the P/E ratio in the value of a stock; and (9) Synthesize the relationship between risk, return and the price of a stock.
- Students will demonstrate knowledge of capital budgeting and the cost of capital. Explicit learning outcomes are to: (1) Analyze and solve the components costs of capital; (2) Analyze and solve for the net present value; (3) Analyze and solve for the internal rate of return; (4) Analyze and solve for the profitability index; (5) Analyze and solve for the payback period for a project; (6) Distinguish between the reinvestment rates for the net present value and the internal rate of return; (7) Assess which cash flows are sunk costs and should be ignored; (8) Analyze the cash flows to be included in the calculation of initial outlay, annual cash flows, and terminal value; (9) Analyze the cash flows to be included in the buying and selling of assets; (10) Analyze the depreciation effect of buying and selling assets and the effect on cash flows; (11) Analyze the effect of unequal time periods on the capital budgeting process; and (12) Analyze and solve which projects are viable for a firm especially given conflicting data.
- Students will demonstrate knowledge of risk, return, and diversification. Explicit learning outcomes are to: (1) Evaluate the risk of a financial asset and the different measures of risk; (2) Compare and contrast market and firm-specific risks; (3) Assess what Beta is and its limitations as a measure of risk; (4) Analyze and solve for the required return using the CAPM model; (5) Synthesize the role diversification plays in reducing portfolio risk; (6) Assess the limitations in the market portfolio; and (7) Evaluate ways to manage the risk to a project or financial asset.
- Students will demonstrate knowledge of financial statement analysis. Explicit learning outcomes are to: (1) Evaluate the balance sheet, income statement and cash flow
statement for a firm; (2) Analyze and solve the financial ratios; (3) Evaluate the best practices of working capital management; (4) Assess the importance of incremental cash flows in a financial statement analysis; (5) Analyze and solve the cash position of a firm; and (6) Analyze and solve for the future financing needs for a firm.

Performance will be assessed by grading a common course embedded multiple-choice and/or essay component on the final exam.

Terms of Use

A student's continued enrollment in this course signifies acknowledgment of and agreement with the statements, disclaimers, policies, and procedures outlined below and elsewhere in the WTClass container.

Technology Requirements

All technological requirements for the successful completion of this course are the responsibility of the student, including access to a working computer with broadband internet connection and state-of-the-art security. The student is responsible for all technological problems not related to WTAMU, including but not limited to equipment failures, power outages, and internet breakdowns. Furthermore, students are responsible for all necessary technical and operational skills for completing this course, and for being familiar with WTClass (the Angel Learning System) both in a general sense and in a specific sense as pertaining to this course and any materials stored within. The professor is not responsible for any technical matters related to WTClass. Students must contact WTClass if they have problems accessing and/or using Angel.

Viewpoints Disclaimer

The views expressed in this document, web-based course materials, and/or classroom presentations are those of the professor and do not necessarily represent the views of West Texas A&M University, its faculty and staff, or its students. Views expressed by students are likewise those of the person making such statements.

External Websites Disclaimer

Neither the professor, the College of Business, nor WTAMU are responsible for the content of external websites discussed in the classroom and/or linked to via online course materials, emails, message boards, or other means. Referred websites are for illustrative purposes only, and are neither warranted nor endorsed by the professor, College of Business, or WTAMU. Web pages change frequently, as does domain name ownership. While every effort is made to ensure proper referencing, it is possible that students may on occasion find materials to be objectionable for reasons beyond our control.

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Repeating Course Work
Students are charged a fee for any course attempted for a third or subsequent time at WTAMU other than a non-degree credit developmental course or exempted courses.

Disabilities

West Texas A&M University seeks to provide reasonable accommodations for all qualified persons with disabilities. This University will adhere to all applicable federal, state, and local laws, regulations, and guidelines with respect to providing reasonable accommodations as required to afford equal educational opportunity. It is the student's responsibility to register with Disability Support Services and to contact the faculty member in a timely fashion to arrange for suitable accommodations.

Scholastic Dishonesty

It is the responsibility of students and instructors to help maintain scholastic integrity at the University by refusing to participate in or tolerate scholastic dishonesty. Commission of any of the following acts shall constitute scholastic dishonesty. This listing is not exclusive of any other acts that may reasonably be said to constitute scholastic dishonesty: acquiring or providing information for any assigned work or examination from any unauthorized source; informing any person or persons of the contents of any examination prior to the time the examination is given in subsequent sections of the course or as a makeup; plagiarism; submission of a paper or project that is substantially the same for two courses unless expressly authorized by the instructor to do so; submission of a paper or project prepared by another student as your own. You are responsible for being familiar with the university's Academic Integrity Code.

Physical or Educational Access

West Texas A&M University seeks to provide reasonable accommodations for all qualified persons with disabilities. This University will adhere to all applicable federal, state and local laws, regulations and guidelines with respect to providing reasonable accommodations as required to afford equal educational opportunity. It is the student's responsibility to register with Disability Support Services and to contact the faculty member in a timely fashion to arrange for suitable accommodations.

Evacuation Statement

If you receive notice to evacuate the building, please evacuate promptly but in an orderly manner. Evacuation routes are posted in various locations indicating all exits, outside assemble area, location of fire extinguishers, fire alarm pull stations and emergency telephone numbers (651.5000 or 911). In the event an evacuation is necessary: evacuate immediately do not use elevators; take all personal belongings with you; report to outside assembly area and wait for further information; students needing assistance in the evacuation process should bring this to the attention of the instructor at the beginning of the semester.

Students will be unable to access any other part of this course until completing a one-question assessment in the Lessons area of this course.

The text for this course is Fundamentals of Financial Management, Concise 6th Edition by Brigham & Houston.

You may use a single 8 ½ by 11 sheet of paper with formula, definitions, etc. for each of the four examinations. You may use both sides of the paper and as small a print as you can manage. This is my version of an open book exam with the intention of reducing the need for
memorization. The examinations will come from the text and include problems, definitions and questions pertaining to conceptual issues. The exams are typically very demanding and presume you have thoroughly studied the text, been attentive in class and are comfortable with the analytical techniques addressed in the problems at the end of each chapter. Each exam will be in multiple choice format and contain 35 questions. I will multiply your number of correct answers by 3 and then add 1 point. The effect is to drop two incorrect answers and pull the total to a 100 point basis.

You are expected to have and be able to use a financial calculator capable of calculating the usual time value of money functions. If you do not presently have such a calculator, I might suggest the Texas Instruments BAII Plus since it is the most commonly used machine at WTAMU. Any other financial calculator, with time value computational capacity, will suffice although you will have to make adjustments in following any text illustrations since the key strokes will be slightly different.

Each of the counted examinations will determine 32% of your course grade. You will observe in the syllabus that four examinations have been scheduled. I will average the three highest exam grades in determining this portion of the course grade with the result that you may drop the lowest grade of the four exams. Therefore, there will be **NO make up exams** if you miss one of the assigned exam periods! A missed exam becomes your choice for the 1 dropped grade! No exceptions! If you miss two regularly scheduled exams, I would suggest that you arrange to take the course at another time when your schedule is less demanding. Assigned problems to be turned in for credit will constitute 2% of your grade. The final 2% of the evaluation will be my subjective judgment of your classroom performance that will include regular attendance, active participation in classroom discussions and your visible effort to learn as much as possible about this material.

You will find active use of the Internet to be essential in this course since the publishers of the text have provided a wealth of material on their Web site:

http://websites.swlearning.com/cgi-wadsworth/course_products_wp.pl?fid=M20b&product_isbn_issn=9780324664553&discipline_number=414

This site contains numerous resources that you may find helpful in understanding the text material. You cannot grasp the material, particularly given our short time in class, without actively using this and other resources from the Internet. You may find the course web support site to be helpful since it contains a copy of the syllabus, sample exam questions and links to sites related to topics we are discussing in class.

http://wtfaculty.wtamu.edu/~jowens/FIN3320/front3320.htm

<table>
<thead>
<tr>
<th>Date</th>
<th>Assignment</th>
<th>Topics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aug.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>Course syllabus</td>
<td>Introduction, Theory of Firm</td>
</tr>
<tr>
<td>27</td>
<td>Chapter 1</td>
<td>Overview of Finance</td>
</tr>
<tr>
<td>Sept.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Chapter 2</td>
<td>Financial Markets</td>
</tr>
<tr>
<td>3</td>
<td>Chapter 2</td>
<td>Financial Markets</td>
</tr>
<tr>
<td>Chapter</td>
<td>Problems/Sections</td>
<td>Comments</td>
</tr>
<tr>
<td>---------</td>
<td>------------------</td>
<td>----------</td>
</tr>
<tr>
<td>3</td>
<td></td>
<td>Financial Statements</td>
</tr>
<tr>
<td>3</td>
<td>Problems 5-10 in Chapter 3</td>
<td>(Turn In)</td>
</tr>
<tr>
<td>4</td>
<td></td>
<td>Financial Analysis</td>
</tr>
<tr>
<td>4</td>
<td>Problems 7 – 15 and 22 in Chapter 4</td>
<td>(Turn In)</td>
</tr>
<tr>
<td>5</td>
<td></td>
<td>Time Value of Money</td>
</tr>
<tr>
<td>5</td>
<td>Problems 10-20 in Chapter 5</td>
<td>(Turn In)</td>
</tr>
<tr>
<td>6</td>
<td></td>
<td>Interest Rates</td>
</tr>
<tr>
<td>6</td>
<td>Chapter 7</td>
<td>Bond Valuation</td>
</tr>
<tr>
<td>7</td>
<td>Problems 5 – 12 in Chapter 7</td>
<td>Bond Valuation</td>
</tr>
<tr>
<td>7</td>
<td>Chapter 8</td>
<td>Risk and Return</td>
</tr>
<tr>
<td>8</td>
<td>Problems 6 - 12 in Chapter 8</td>
<td>(Turn In)</td>
</tr>
<tr>
<td>9</td>
<td></td>
<td>Equity Valuation</td>
</tr>
<tr>
<td>9</td>
<td>Chapter 9</td>
<td>Capital Structure</td>
</tr>
<tr>
<td>11</td>
<td>Chapter 10 and 13</td>
<td>Capital Budgeting</td>
</tr>
<tr>
<td>11</td>
<td>Problems 7-14 in Chapter 11</td>
<td>(Turn In)</td>
</tr>
<tr>
<td>12</td>
<td></td>
<td>Cash Flow and Risk</td>
</tr>
<tr>
<td>14</td>
<td>Chapter 14</td>
<td>Dividends &amp; Repurchase</td>
</tr>
<tr>
<td>15</td>
<td>Chapter 15</td>
<td>Working Capital</td>
</tr>
<tr>
<td>16</td>
<td>Chapter 16</td>
<td>Financial Planning</td>
</tr>
<tr>
<td>17</td>
<td></td>
<td>International Finance</td>
</tr>
</tbody>
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EXAM ONE: Chapters 1-4

EXAM TWO: Chapters 5-8

EXAM THREE: Chapters 9-13
The problems **must** be turned in on time and late problem sets will **NOT** be accepted since we use the assigned problems during the class period. They will be collected at the beginning of class and you should make yourself a copy for use during the class discussion. Please do not embarrass both of us by requesting an exception to this rule since to do otherwise is unfair to other class participants.