

Ross School of Business – University of Michigan

FIN 300 (001)—FINANCIAL MANAGEMENT

Fall 2007

Professor Kenneth Ahern

Class time:	Tuesday, Thursday 1:00 – 2:30 PM
Location:	1449 MH
Office hours:	Thursday 10:00 AM – 12:00 PM and by appt.
Office hour location:	E6614
e-mail:	kenahern@umich.edu
Course website:	https://ctools.umich.edu/

Purpose:

Finance 300 is designed to familiarize students with the basic tools and concepts of Finance, and to enable students to pursue additional courses in investments, corporate finance, capital markets, and financial institutions. Financial Management topics will include the time value of money, the valuation of riskless and risky assets, market efficiency, corporate investment decision making, capital structure decisions, hedging, and options.

Materials:

Fundamentals of Corporate Finance, Ross, Westerfield, and Jordan, 8th Edition
(alternate) ISBN: 978-0-07-328211-4 Copyright year: 2008

Calculator:

A financial calculator is required for this course: many of the problems you will encounter require arithmetic operations that are too complex to be solved by hand or with non-financial calculators, especially in the limited time frame of an exam. Based on considerations of reliability, functions, and ease of use, I will be using the **TI BAI Plus PROFESSIONAL**. Class coverage of problem sets and examples will rely solely on the **TI BAI Plus PROFESSIONAL**. You are on your own if you choose to use another calculator.

Homework:

There will be three homework assignments. The problem sets will be comprised of questions from the text as well as from questions I write. **You must turn your handwritten homework in prior to class-time on my class desk. You must show how you obtained all your answers.** The assignments are graded **pass (1) / fail (0)**: to pass, at least 80% of it must be correct.

If you miss class on a day that homework is due, it is your responsibility to see to it that your homework is turned in either at or prior to class-time. **No late homework will be accepted.**

You are allowed and encouraged to work together on homework assignments. However, **you must hand in your own individual assignment.** Photocopies are not acceptable.

Exams:

EXAM 1:	OCTOBER 4 TH (in-class)
EXAM 2:	NOVEMBER 8 TH (in-class)
FINAL:	DECEMBER 14 TH 1:30 – 3:30 PM

There will be no makeup exams. If you miss an exam because of a well-documented, valid written excuse (e.g., a doctor's note), your grade will be based on your other (future) work. Otherwise, **missing an exam is equivalent to getting a grade of zero for it.** Please note that exam times are on the hour or half-hour (they are not "Michigan" times). **You will be allowed to bring one 3" x 5" note card with notes and formulas (both sides are ok) on it.** The note card must be handwritten, not photocopied, and handed in along with the exam. If you miss exam 1 or 2 the weight will be shifted to the final.

Grading Policy:

Homework:	15%
Exam 1:	25%
Exam 2:	25%
Final:	30%
Class Participation:	5%

Consistent with the grading policy set by the Michigan Business School (UMBS), I will grade this course on a **"B" median**. Throughout this course, you are expected to adhere to the Honor Policy established by UMBS. A copy of this policy will be posted on the class website.

Attendance Policy:

Attendance is mandatory. Lectures will stress the most important issues addressed in the text and may go beyond the scope of the textbook for certain topics. **YOU ARE RESPONSIBLE** for announcements in class; consult a colleague if you are absent. Perfect attendance will factor into grading for those on the edge of grade distributions. If you are planning to miss more than four classes you should not enroll in the course.

Class Website: <https://ctools.umich.edu/>

There is a class website (see above), where the syllabus, lecture notes, grades, and various reading materials will be posted. All course materials will be posted here including the check answers for the problem sets.

Class & Assignment Schedule:

Below is a list of planned topics and homework problems. In addition, from time to time, short articles, readings, or supplemental problems may be distributed in class. It is also recommended that you purchase a subscription to the WSJ.

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<u>Date</u>	<u>Topic</u>	<u>Readings Due</u>	
Sept	4	Introduction	Ch 1
	6	Statement Analysis Problem Set #1 Assigned	Ch 2
	11	Time Value of Money I	Ch 5
	13	Time Value of Money II	Ch 5 (cont.)
	18	Discounted Cash Flow I	Ch 6
	20	Discounted Cash Flow II	Ch 6 (cont.)
	25	Valuing Bonds I	Ch 7
	27	Valuing Bonds II	Ch 7 (cont.)
Oct	2	Valuing Stocks Problem Set #1 Due	Ch 8
	4	EXAM 1 (in class)	
	9	Financial Market History Problem Set #2 Assigned	Ch 12
	11	Efficient Markets	Ch 12 (cont.)
	18	Risk & Return	Ch 13
	23	Security Market Line	Ch 13 (cont.)
	25	CAPM	Ch 13 (cont.)
	30	Options and Corporate Finance	Ch 14
Nov	1	Cost of Capital I	Ch 15
	6	Cost of Capital II Problem Set #2 Due	Ch 15 (cont.)
	8	EXAM 2 (in class)	
	13	Net Present Value I Problem Set #3 Assigned	Ch 9
	15	Net Present Value II	Ch 9 (cont.)

<u>Date</u>	<u>Topic</u>	<u>Readings Due</u>
20	Investment Decisions I	Ch 10
27	Investment Decisions II	Ch 10 (cont.)
29	Project Analysis and Evaluation I	Ch 11
Dec 4	Project Analysis and Evaluation II	Ch 11 (cont.)
6	Raising Capital	Ch 16
11	Raising Capital II/Review/Catch-Up Problem Set #3 Due	Ch 16 (cont.)
Dec 14	FINAL EXAM 1:30 - 3:30 PM	

How to excel in this course:

Since this is a survey course, we will cover a lot of ground. You will not be expected to become an expert in all areas of financial theory, but you must demonstrate a general knowledge of each topic. The lectures will focus on the major points introduced in the text. However, your individual study and preparation outside of the classroom is extremely important to a successful semester. Here are some suggestions that may help you:

1. **You must keep up with the assigned course work.** Much of the material builds on itself, and it will be difficult to catch up if you fall behind. Assigned readings need to be thoroughly reviewed before each class. This will greatly enhance your ability to take effective notes during class.
2. **Working on problems is vital to the learning process in this class.** There is no single better way to understand the concepts encountered in this course. If you can work through the problems assigned throughout the course, you will have an advantage on the exams. Furthermore, the problems will help you identify areas in which you may wish to seek further clarification.
3. **You must be familiar with the rules of the class.** You are expected to comply with all the rules and deadlines described on this syllabus. Because of basic principles of fairness, no exception will be made for any of you.
4. **Do not hesitate to seek help EARLY if you are having problems in the class.** I will be available during office hours and by appointment.