

Ross School of Business – University of Michigan

FIN 300 (001)—FINANCIAL MANAGEMENT

Fall 2008

Professor Kenneth Ahern

Class time:	Tuesday & Thursday 2:30 – 4:00 PM
Location:	1449 MH
Office hours:	Thursday 10:00 AM – 12:00 PM
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
ISBN-13: 978-0073530628 Copyright year: 2007, or the Alternate 8th Edition of the text,
ISBN-13: 978-0073282114 Copyright year: 2007. The Alternate edition contains four chapters at the end that we will not cover, but it may be less expensive.

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 five 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. I will not answer any questions about the homework before its due date.** 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 7 TH (in-class)
EXAM 2:	NOVEMBER 4 TH (in-class)
FINAL:	DECEMBER 15 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 in-class exams ARE on Michigan time but the final exam is on the hour or half-hour (it is not "Michigan" time). If you miss exam 1 or 2 and have a valid excuse, the weight will be shifted to the final.

Grading Policy:

Homework:	20%
Exam 1:	25%
Exam 2:	25%
Final:	30%

Consistent with the grading policy set by the Ross School of Business School (RSB), the grade distribution is as follows:

A+	5%
A	15%
A-	20%
B+	25%
B	15%
B- or below	20%

A strict ranking of students will determine the final grades. Student rankings are over all students in all sections per professor. Personal integrity and professionalism are fundamental values of the Ross Business School community. This course will be conducted in strict conformity with the Academic Honor Code. The Code and related procedures can be found at www.bus.umich.edu/Academics/Resources/communityvalues.htm. The site also contains comprehensive information on how to be sure that you have not plagiarized the work of others. Claimed ignorance of the Code and related information appearing on the site will be viewed as irrelevant should a violation take place. Non-Ross Business School students taking the course should also familiarize themselves with the Code as they will be subject to the Code as well while in this course.

Attendance Policy:

Attendance is not mandatory. However, 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 and material covered in class. **Office hours are not substitutes for missed classes and the professor will not return emails requesting information about which topics were covered during class.** You must consult a colleague to learn what was covered if you miss a class.

Students with Disabilities:

If you need an accommodation for a disability, please let me know at your earliest convenience. Some aspects of the course, the assignments, and the in-class activities may be modified to facilitate your participation and progress. As soon as you make me aware of your needs, we can work with the Office of Services for Students with Disabilities to help us determine appropriate accommodations. I will treat information you provide as private and confidential.

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 answers for the problem sets.

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.

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 but not required to purchase a subscription to the WSJ.

Class	Day	Date	Topic	Text Chapter	Assignment Due Date
1	Tuesday	2-Sep	Introduction	1	
2	Thursday	4-Sep	Statement Analysis	2	
3	Tuesday	9-Sep	Time Value of Money	5	
4	Thursday	11-Sep	Discounted Cash Flow 1	6	
5	Tuesday	16-Sep	Discounted Cash Flow 2	6	
6	Thursday	18-Sep	Valuing Bonds 1	7	
7	Tuesday	23-Sep	Valuing Bonds 2	7	HW 1
8	Thursday	25-Sep	Valuing Stocks	8	
9	Tuesday	30-Sep	Efficient Markets	12	
10	Thursday	2-Oct	Risk and Return	13	
	Tuesday	7-Oct	Exam 1		Exam 1
11	Thursday	9-Oct	Security Market Line	13	
12	Tuesday	14-Oct	CAPM	13	HW2
13	Thursday	16-Oct	Cost of Capital 1	15	
	Tuesday	21-Oct	No class		
14	Thursday	23-Oct	Cost of Capital 2	17	
15	Tuesday	28-Oct	Net Present Value 1	9	HW3
16	Thursday	30-Oct	Net Present Value 2	9	
	Tuesday	4-Nov	Exam 2		Exam 2
17	Thursday	6-Nov	Investment Decisions 1	10	
18	Tuesday	11-Nov	Investment Decisions 2	10	
			Project Analysis and		
19	Thursday	13-Nov	Evaluation 1	11	
			Project Analysis and		
20	Tuesday	18-Nov	Evaluation 2	11	
21	Thursday	20-Nov	Capital Structure 1	17	
22	Tuesday	25-Nov	Capital Structure 2	17	HW4
	Thursday	27-Nov	No class		
23	Tuesday	2-Dec	Options 1	14	
24	Thursday	4-Dec	Options 2	14	
25	Tuesday	9-Dec	Review		HW5
	Monday	15-Dec	Final Exam 1:30-3:30 pm		Final Exam