

Henry W. Bloch School of Business and Public Administration
University of Missouri-Kansas City

BA 5532 FINANCIAL MANAGEMENT

Spring 2008

Class Meetings:

Monday & Wednesday 5:30 p.m. – 6:45 p.m. Bloch 14

Professor:

Jin-Mo Kim, Ph.D. in Finance

Office:

233 Bloch

Office Hours:

Mon & Wed 10:00 – 11:30 a.m., and by appointment. Additional office hours will be held during exam weeks.

Phone:

816.235.1374 (direct line and voice mail)

E-Mail:

kimjm@umkc.edu

Web Site:

<http://blackboard.umkc.edu>

There is a class website, where the syllabus, lecture notes, grades, and various reading materials will be posted. Please always check the class website at least a day prior to each class session: YOU ARE RESPONSIBLE for downloading all class materials, handouts, and readings for each session.

Prerequisites:

Students should have completed ACTG 517, BA 501, BDS 508
Some familiarity with basic statistical concepts

Text:

Fundamentals of Corporate Finance, Ross, Westerfield, and Jordan; 8th edition.
ISBN: 978-0-07-328212-1. Other course materials will be made available on the class website.

Calculator:

Financial calculator: The Texas Instruments BA-II Plus will be used exclusively in class. Students must be able to solve present value, annuity valuation amortization schedules, bond valuation, internal rates of return and cash flow worksheet problems, all of which will be demonstrated using the TI-BA-II Plus. IT IS STRONGLY RECOMMENDED THAT YOU USE THIS CALCULATOR SO YOU CAN EASILY FOLLOW CLASS LECTURES. Should you choose to use a different financial calculator, you are both expected and required to learn how to program and use the calculator on your own.

Real-World Examples: Finance is an applied field. Though our focus will be on learning the key theoretical concepts, we'll make use of a lot of examples from the real world. After this class, students are expected to understand the basic financial making decision in the real world. I recommend regular visits to <http://finance.yahoo.com> for a general understanding of financial markets. Some of the material covered in the class will be in a real-time setting (for example, we'll in real time analyze a stock's movement to release of firm-specific information).

Course Purpose and Objectives:

This course provides an introduction into business finance topics including the current institutional environment, financial planning, risk and return, capital budgeting and capital structure (including cost of capital). Basic tools necessary for analyzing and interpreting financial data will be developed. **The focus is on corporations whose stocks are publicly traded**, but most of the tools and concepts covered are applicable to other types of business firms and not-for-profit entities as well. **An important objective of this course is to develop insights into the methods by which financial managers can create value for their shareholders. International considerations are emphasized.** This course prepares students to initially interact in the field of finance.

Class Format:

Lecture sessions will be held on Monday and Wednesday. Concepts will be introduced and some problems will be solved. It is very difficult to learn this material on your own, so please make every effort to attend class. In addition, **you are responsible for all announcements made in class.** Students must attend the section for which they are enrolled. Recitations will not be held, although you are encouraged to use office hours.

You are encouraged to study with other students and to form study groups. You should solve additional problems from those presented at the end of the chapter to facilitate your problem solving. In addition, the appendix problems are provided to serve as an illustrational tutorial for students in need of additional instruction in a particular area of study.

GRADING The final grade for the course will be determined as follows:

Exam #1	90 points
Exam # 2	100 points
Exam # 3	110 points
Problem Set Assignments	30 points
Project Assignment	20 points

A grade will be assigned to each student as follows:

A	315
B+	297.5
B	260
C	245

No grade will be given to a student not officially enrolled in the class. It is the student's responsibility to make sure he/she is enrolled in this class.

No extra credit or extra work will be given to any individual student – for any reason. I DO NOT round up grades.

* Grades are non-negotiable. I would like to let you know that [not being able to graduate or pursue a particular major] will not be relevant for any argument regarding grade determination. Keep this notice in your mind as you plan your overall coursework strategy. I will not respond to e-mails raising these and similar arguments.

Exams:

1. All three exams are problem-oriented but will also include some theoretical questions to ensure students understand the conceptual material. The exams are non-comprehensive, although some material, i.e. time value of money and financial statements analysis, are pervasive through the course and are subsequently at least tangentially involved in each exam.
2. The exams are closed-book; however, you may bring a **3"x 5" index card** complete with equations and other useful information to the exam with you. You can use just one side of the card. Note that you should put your name on the card and the card will be collected at the end of the exam. All note cards must be in your handwriting and may not be reduced, reproduced, or mass-produced. Failure to follow these guidelines will result in 10% discount in your exam scores. A financial calculator may also be used for all three exams. However, devices capable of storing and/or retrieving text or character material, e.g. graphing calculators or hand-held computers, are not permitted in exams. Caps, hats or sunglasses may not be worn during exams.
3. You must have a picture ID (either an UMKC student I.D. or a driver's license) with you in order to take the exam.
4. Academic Honesty: You are responsible for being attentive to and observant of campus policies about academic honesty as stated in the University's Student Conduct Code. Students who plagiarize on problem sets or cheat on examinations will receive a 0.0 on the problem set/exam and fail the course.
5. Students requiring special accommodations should meet with me during office hours so that we can discuss how to meet your needs this semester. Prior to our meeting be sure you have met with someone in Disability Access Services (MSC114).

Make-Up Policy:

If you need to take the make-up, you should come to my office during the week prior to the exam. **A student must have a legitimate academic reason (3 exams in one day) to take the make-up exam.** The make-up exam is NOT for students that are simply not prepared to take the test at the regularly scheduled time. Please be prepared to provide proper documentation outlining your academic reason for needing the make-up exam.

A missed exam without prior notification will be recorded as a zero. In the case of an emergency or illness on the day of the exam, be sure to call me and leave a message on the day of the exam and be prepared to document such a case promptly (for example, a police report copy if in an auto accident or a doctor's note in the event of an illness).

If you miss an exam, you must notify me either by phone or by e-mail within 24 hours of the scheduled exam. The make-up exam will be of similar difficulty to the originally scheduled exam, but may include some essay type questions.

Problem Sets:

Due Dates for Problem Sets:

Due by the beginning of class on the date specified.

Assignment #1	Feb. 13
Assignment #2	Mar. 19
Assignment #3	Apr. 23

1. 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. All problem sets will be collected at the beginning of class.** You may drop your completed problem set off any day prior to the due date. **Definitely no credit will be given to any assignment submitted after the due date.** There are no "make-ups" for missed assignments. The assignments are graded **pass (1) / fail (0)**.
2. To receive a grade of "pass" on a problem set, the student must:
 - a. You must **work all of the assigned problems and all parts of the problem.** If there is a case or internet question, you must work the question to get credit for the problem set. I will pay special attention to the case and internet question.
 - b. **You must show how you obtained all your answers.**
 - c. the problem set must be at least **50%** correct.
 - d. the assignments will be randomly chosen and graded.
3. You are allowed and encouraged to work together on homework assignments. However, **you must hand in your own individual assignment.** Photocopies are not acceptable.
4. In the event you feel your assignment was graded incorrectly, you may resubmit the assignment to me for re-grading. Be aware that I will re-grade the entire assignment – not just one question. Therefore, your grade may go up or down when it is re-graded. If you wish to have a problem set grade checked or re-graded, you must contact me within 2 weeks of the return date of the problem set and provide a one page explanation as to why you feel you should receive credit.
4. It is the student's responsibility to retain all materials, problem sets and any other assignments, until after final grades have been posted. Should you have a question regarding your final grade in the class, please e-mail me as soon as possible.

Fall 2007
Tentative Course Outline

<u>Class Period</u>	<u>Topic</u>	<u>Chapter</u>
Jan. 14	Introduction and Overview of Corporate Finance	1
Jan. 16	Overview of Corporate Finance	1
Jan. 21	Martin Luther King, Jr. Observance - NO CLASS	
Jan. 23	Financial Statements and Cash Flow	2
Jan. 28	Working with Financial Statements	3
Jan. 30	Introduction to Time Value of Money	5
Feb.4	Time Value of Money (cont.)/ Discounted Cash Flow Valuation	5,6
Feb. 6	Discounted Cash Flow Valuation	6
Feb.11	Discounted Cash Flow Valuation (cont.)	6
Feb. 13	Review for Exam	
Feb. 18	Exam 1	
Feb. 20	Bond Valuation	7
Feb. 25	Bond Valuation (cont.)	7
Feb. 27	Stock Valuation	8
Mar. 3	History of Capital Markets	12
Mar. 5	Risk and Return	13
Mar. 10	Risk and Return (cont.)	13
Mar. 12	Cost of Capital	15
Mar. 17	Cost of Capital (cont.)	15
Mar. 19	Review for Exam	
Mar. 24 & 26	Spring Break- NO CLASS	---
Mar. 31	Exam 2	
Apr. 2	Net Present Value	9
Apr. 7	Net Present Value and Other Investment Criteria	9
Apr. 9	Capital Investment Decisions	10
Apr. 14	Capital Investment Decisions	10
Apr. 16	Capital Investment Decisions	10
Apr. 21	Project Analysis	11
Apr. 23	Review for Exam	
Apr. 28	Exam 3	

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 which 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. In addition to assigned homework, I will make available to you supplemental problems and solutions. 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. In addition, teaching assistants will hold regularly scheduled office hours for those seeking additional help.