

6F:100/FIN:3000 Introduction to Financial Management
Instructor: David A. Carter, Ph.D.
Spring Semester, 2014

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Textbooks & Supplies:

Ross, Stephen A., Randolph W. Westerfield, and Bradford D. Jordan, 2008, *Fundamentals of Corporate Finance, 8th edition*, McGraw-Hill Irwin. (ISBN: 978-007-353062-8) [Required]

* Note: this book will be distributed upon arrival at the CIMBA campus in Paderno del Grappa and does not need to be purchased in advance.

You will also need a financial calculator - I use a Texas Instruments BAI Plus (a BAI plus can be purchased for around \$30). You may use another financial calculator, if you desire, but I will probably not be able to show you how to use it.

Prerequisites: 6A:001 (Introduction to Financial Accounting), 6A:002 (Managerial Accounting), 6E:001 (Principles of Microeconomics), 6E:002 (Principals of Macroeconomics).

Purpose: The objective of this course is to provide you with a broad exposure to the theory and practice of corporate financial decision-making. We will study a number of important concepts, including: time-value-of-money, financial statements, stock and bond valuation, risk and return relations, and capital budgeting. This course is a first course in finance and provides the foundation for further study, for those wishing to major in finance. However, because most of you will have careers in some other area of business besides finance, this course will prepare you to interface with finance personnel in your firm. Additionally, if you desire to be an entrepreneur, this course will provide the necessary foundation for you to make financial decisions for your start-up firm. Finally, it is likely that all of you will be affected personally by finance during your lives as you make personal financial decisions, such as saving for retirement or buying a house.

Grading: The grading for this course will be weighted as follows:

Assignments (4 @ 5%)	20%
Quizzes (4 @ 10%)	40%
<u>Comprehensive Final Exam</u>	<u>40%</u>
Total	100%

The Department of Finance in the Tippie College of Business has adopted the following grade distribution as a target for core finance courses such as 6F:100:

A+ to A-	25%
B+ to B-	35%
C+ to C-	30%
D+ to D-, and F	10%

Final course grades will be “curved” based on this target distribution and a ranking of all members of the class. However, these guidelines are not absolute. If everyone’s performance indicates mastery of the material then everyone earns an “A”, and if less than the top 25% demonstrate mastery of the material then there will be fewer “As.”

Exams and Quizzes. There will be four quizzes and a **comprehensive** final exam given during the semester. No early exams or quizzes will be given. Tests may consist of written problems and/or short answer. Exams and quizzes will be given during the regular class meeting time. If you need to miss an exam for an excused absence, you must notify me prior to class by email, calling my office, or leaving a message with the CIMBA staff. Failure to do so will result in an unexcused absence and no make-up

Assignments. There will be a number of assignments due during the semester. Assignments turned in after I post the answer key will be considered late, unless you have made prior arrangements with me. Late assignments will be accepted for one-third credit. You may discuss the assignments with your classmates but I expect that the assignment you turn in will be your own work. Duplicate wording or formatting on assignments will be considered cheating and penalized according to university policy.

Class Attendance. Attendance is mandatory for all classes and CIMBA sanctioned activities. Absences due to illness require a note from the CIMBA Undergraduate Office Staff and/or the Instituto Filipino medical staff. If you are sick and cannot attend class, you must inform the CIMBA Staff immediately, *prior to class*. Failure to do so will result in an unexcused absence. The consequence for unexcused class absences are as follows:

- o 1st absence will result in a loss of 1/3 of a letter grade for the course.
- o 2nd (cumulative) absence will result in a loss of an entire letter grade in that class.
- o 3rd (cumulative) absence will result in a dismissal from the program.

Starting Time and Late Arrival. Class will begin promptly at the scheduled time. Please make every effort to arrive on time. Late arrivals are highly distracting to everyone. The professor reserves the right to lower a student's overall course grade by up to 2% for each day that he or she arrives late to class.

Phones and Laptops. Please turn off all phones and laptops before entering class. Also, because it is very distracting to students seated nearby, please refrain from using a laptop computer during class, unless otherwise notified by the professor. Communication devices of any type are prohibited during quizzes and examinations. Please refrain from checking or sending an email or text message during class.

Public Image. It is my hope that students will serve as good ambassadors of the United States, your home university, as well as the CIMBA program when you are out in public.

Disability:

If you have a disability that may require some modification of seating, testing, or any other class requirement, please let me know as soon as possible so that appropriate arrangements can be made. Similarly if you have any emergency medical information about which I should know, or if you need special arrangements in the event the building must be evacuated, please let me know. Please see me after class hours, during my scheduled office hours, or schedule an appointment. I would also remind you that the Office of Student Disability Services is available to assist you.

Academic Dishonesty & Grading:

With regard to ethical conduct, it is my sincere hope that no student in this class does work which is not his or her own. If I determine that any assignment is not written solely by the student(s) whose name(s) appears on the document, a grade of zero will be assigned for the project. Similarly, if a student is determined to have cheated on a quiz or exam, the student

will receive a score of "0" for the exam. In all likelihood, receiving a "0" on an exam will result in an "F" for the course.

All incidents of cheating will be reported to the CIMBA staff as well as the Associate Dean for the Undergraduate Program in the College of Business, and the student may be placed on disciplinary probation for the remainder of his or her undergraduate work at the University of Iowa. Incidents of cheating will also be reported to the appropriate dean at the home university for non-University of Iowa students.

In general, the decision of the professor on these matters may be appealed to the Dean for the Undergraduate Programs for the Tippie College of Business (Lon Moeller). The *Honor Code* for the Tippie College of Business will determine the appropriate appeal process. The Honor Code is available at <http://tippie.uiowa.edu/honorcode.cfm>.

Student concerns regarding grading in this course should first be discussed with the instructor. You are invited to submit a written appeal, outlining your specific concerns with the grade and the evidence you have to support why it should be changed (e.g., grading inconsistency, incorrect point calculations). I will respond to any appeals as quick as possible. To try to avoid reaching the step of a formal appeal, I will attempt to provide you with detailed feedback and grades on specific portions of each assignment so that you can easily pinpoint where points were or were not awarded. If, after the written appeal process, you still do not feel that you have been treated fairly, you may appeal a grade to the DEO of the Department of Finance in S252 PBB (Erik Lie, 319.335.0929, erik-lie@uiowa.edu) or the Dean of Undergraduate Programs (Lon Moeller, 319.335.0924, lon-moeller@uiowa.edu).

**Sexual
Harassment:**

The Tippie College of Business and the University of Iowa are committed to providing students with an environment free from sexual harassment. If you feel that you are being or have been harassed or you are not sure what constitutes sexual harassment, we encourage you to visit the University website, <http://www.sexualharassment.uiowa.edu/index.php>, and to seek assistance from department chairs, the Dean's Office, the University Ombuds Office, or the Office of Equal Opportunity and Diversity.

CLASS SCHEDULE AND ACTIVITIES

This schedule serves as a **guide** only. It may be necessary to make adjustments from time-to-time. I will announce any changes in class or on ICON.

Week	Dates	Topic	RWJ Chapter
1	12-18 January	Course Introduction Introduction to Corporate Finance	1
2	19-25 January	Financial Statements, Taxes, & Cash Flow	2
3	26 Jan – 1 Feb	Working with Financial Statements Long-Term Financial Planning & Growth	3 4
4	2-8 February	Introduction to Valuation: The Time Value of Money Discounted Cash Flow Valuation	5 6
5	9-15 February	Discounted Cash Flow Valuation Interest Rates & Bond Valuation	6 7
6	16-22 February	Stock Valuation	8
7	23 Feb – 1 March	Net Present Value and Other Investment Criteria Making Capital Investment Decisions	9 10
8	2-8 March	Project Analysis & Evaluation Some Lessons from Capital Market History	11 12
9	9-15 March	Return, Risk, & the Security Market Line	13
10	16-22 March	*** Travel Week ***	
11	23-29 March	Cost of Capital	15
12	30 March – 5 April	Final Exam	