

PACE UNIVERSITY

FIN 260: Financial Management

Fall 2013

W-623, Wednesday: 6:10 pm – 9:00 pm

Instructor:

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Office hours:

Tuesday, 4:00 pm – 5:30 pm

Wednesday, 4:30 pm - 6:00 pm

By appointment

Course Objectives:

FIN 260 is a course that focuses on the fundamentals of finance with the aim to prepare students for more advanced undergraduate courses in finance or for careers in which financial knowledge is important. It covers financial statement analysis, time value of money, valuation of various classes of securities, cash flows in the capital budgeting process, capital structure, and risk management. The learning goals in this course are critical thinking, decision making, and problem solving.

Prerequisites:

ECO 106, MAT 104, MAT 117, ACC 203 and completion 45 college credits (upper sophomore standing). Given the quantitative nature of the course, it is very important that students have a working knowledge of algebra and a bit of calculus. There will be times when the course will assume some background knowledge, such as the ability to calculate a standard deviation or to understand how net income is determined.

Course Requirements:

- **Textbook:** *Fundamentals of Corporate Finance*, 9th edition, by Stephen A. Ross, Randolph W. Westerfield, and Bradford D. Jordan, McGraw-Hill Irwin, 2010.
- **Calculator:** Any calculator with a multiple power key (y^x or x^y), a natural log key, and storage capability is sufficient for this course. If you are a finance major, I urge you to use a financial calculator. I recommend the HP-12C and will give you instructions in class on how to use this calculator.
- **Reading Materials:** *The Wall Street Journal*

Grading Weight and Distribution:

Midterm	30%
Final	30%
Quizzes	30%
Class Participation and attendance	10%

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In addition to the two exams, this course will feature five announced, one-question quizzes (on weeks 3, 5, 8, 10 and 12 from the beginning of the semester), of which only the best four will count toward your final grade. Exams and quizzes are closed-book, closed-notes. They will consist of problems similar to those solved in class. Occasionally, extra-credit questions will be posed in the class room.

Your overall score will be converted to a final grade as follows:

93 and above	A	77-79.9	C+
90-92.9	A-	73-76.9	C
87-89.9	B+	70-72.9	C-
83-86.9	B	67-69.9	D+
80-82.9	B-	60-66.9	D
		below 60	F

Class Participation:

Each student is expected to actively participate in class. For better understanding of the subject matter, I recommend students to read the chapter(s) before they come to class. At the end of each lecture notes there are assigned problems related to topics covered by the textbook and discussed in class. Given the time constraints, only some of them will be discussed in class, but students are encouraged to solve at home as many as possible.

Class Policies:

- Make-up exams will be given only in the case of illness, documented by a doctor.
- There are no credit projects that can be done to improve a grade.
- Attendance is taken during each class.
- Avoid being late at the beginning of class and after the break. No student will be allowed in the class room 5 minutes after the class starts/resumes.
- Turn off your cell phones and beepers during class.

Course Website:

Course information will be posted on the course website (blackboard.pace.edu). Check the Announcement section for last minute postings before you come to class.

Advice on How To Do Well In This Class

Students often ask advice on how to complete this course successfully. My best answer is to follow these steps:

1. Read each assigned chapter before you come to class.
2. Participate actively in the class room (listen carefully to the lecture and ask questions to clarify points of confusion).
3. Follow the problems solved in class and demonstration problems at the end of each chapter.
4. Solve or try to solve as many assigned end-of-chapter problems as possible. This is the best way to judge your understanding of the material and to prepare for exams.
5. Become familiar with your calculator.

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6. Read each chapter at least one more time after it is covered in class.

Academic Integrity: Educational institutions should aspire to instill in their students an appreciation for and the practice of ethical conduct. All students are required to adhere to the statement of academic integrity outlined in the Pace University catalog. Academic integrity infractions can include, but are not limited to, copying and presenting the work of another as your own, collaborating with others on assignments intended to be done individually, using unauthorized resources such as an instructor's manual to complete assignments, copying the work of others during an exam, and failing to reference the work of others or creating fake references in your assignments. You may receive a failing grade in any assignment, exam, or course in which an infraction takes place, and you may be suspended or expelled from the school. When in doubt about what might be considered an academic integrity infraction, the best course of action is to ask your instructor for clarification.

Reasonable Accommodations for Students With Disabilities:

The University's commitment to equal educational opportunities for students with disabilities includes providing reasonable accommodations for the needs of students with disabilities. To request an accommodation for a qualifying disability, a student must self-identify and register with the Coordinator of Disability Services for his or her campus. No one, including faculty, is authorized to evaluate the need and arrange for an accommodation except the Coordinator of Disability Services. Moreover, no one, including faculty, is authorized to contact the Coordinator of Disability Services on behalf of a student. For further information, please see Information for Students with Disabilities on the University's web site.

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Course Outline:

1. Overview of Corporate Finance, Financial Statements and Long-Term Financial Planning (Weeks 1 – 2)

Chapter 1: Introduction to Corporate Finance
Chapters 2&3: Financial Statements, and Financial Statement Analysis

2. Valuation of Future Cash Flows (Weeks 3 – 8)

Chapter 5: The Time Value of Money
Chapter 6: Discounted Cash Flow Valuation
Chapter 7: Interest Rates and Bond Valuation
Chapter 8: Stock Valuation

Week 7

Midterm

3. Risk and Return and the Cost of Capital (Weeks 9 – 11)

Chapter 12: Some Lessons from Capital Market History
Chapter 13: Return, Risk, and the Security Market Line
Chapter 15: The Cost of Capital

4. Capital budgeting (Weeks 12 – 13)

Chapter 9: Net Present Values and Other Investment Criteria
Chapter 10: Making Capital Investment Decisions

Week 14

Final Exam

6. Topics in Corporate Finance (If time permits)

Chapter 22: International Corporate Finance
Chapter 23: Risk Management: An introduction to Financial Engineering

* The outline is subject to change without prior notification

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FIN 260, Financial Management

Student Information Sheet

Name _____

Student ID Number _____ Major _____

E-mail address _____

Have you used MS Excel before? _____

Do you currently work? _____

Why did you choose Pace University? _____

What do you expect to learn in this class? _____

What is your dream job upon graduation? _____

Tell me who you are (describe yourself in maximum five sentences) _____
