

# LAURIER

## Business & Economics

### Business 383

### **Financial Management I**

### Fall 2014

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<b><u>TA Office</u></b>	SBE3263
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#### **Required Textbooks:**

- 1. Corporate Finance Online (CFO).** <http://pearsonmylabandmastering.com/>
  - a. Course ID: mcnally48573**

**Prerequisites:** EC120, EC140, BU227 and one of the following courses:  
BU205/EC205, BU255/EC255, EC235 or EC285.

**Notes:** It is recommended that students wishing to take senior Finance electives take EC250/EC290 and EC260/EC270 prior.

#### **Course Description**

This course has three main topic areas: 1) valuation, 2) risk, and 3) financial analysis. The valuation part of the course covers time value of money mathematics and securities valuation. The risk component defines risk, explains the risk-return trade-off and introduces basic financial risk management techniques. The financial analysis section of the course covers ratio analysis, financial statements forecasting, free cash flow and provides an introduction to short-term financial management.



## CFO Instructions

Corporate Finance Online, or CFO, is a dynamic, interactive eLearning program which combines core text content with interactive examples, animations, videos and more! Your instructor has requested that you have access to this engaging online program. To access CFO for the first time, you need to **register and log in**. Whenever you want to use CFO after that, you just need to log in. You can do both from the same starting point, at [www.pearsonmylab.com](http://www.pearsonmylab.com).

To **register**, you will need a *student access code* and a *course ID* (the course ID is mcally48573) If you purchased a CFO access kit at the bookstore, you are all set! If you do not have a Student Access Kit, you can purchase access online with a major credit card.

### Registration

1. Go to [www.pearsonmylab.com](http://www.pearsonmylab.com) and click the **Student** button, in the **Register** section.
2. Enter the course ID **provided to you by your instructor** and click **Continue**.
3. If you have an existing Pearson account, Sign in with your existing user name and password, if not click **Create an account**. If you have an account and forget your log in information please visit: <https://register.pearsoncmg.com/forgotlogin/forgotLogin.fl> to retrieve it.
4. Fill in all of the necessary account creation fields, if applicable. The system will prompt you on the username and password guidelines. Be sure to record this information somewhere!
5. Choose to register using an **access code**, or purchase access with a **credit card / PayPal**. If you are waiting on financial aid to purchase your course materials, select the **Get temporary access without payment for 17 days** at the bottom of the page. You will need to fully activate your account within the 17 day period using the SAME login information as you use for your temporary account. Reminders will be provided.
6. Follow the instructions to complete your registration. Check your email for your registration confirmation.
7. Upon completing registration click “Go to Your Course”. You are in!
8. Please watch the Student Videos geared toward navigation, the eText and doing assignments once logged into your course.
9. It is also a good idea to go to “Help & Support” in the upper right-hand corner, click on System Requirements and then run the Browser Check.

### To log into your course in the future:

1. Go to [www.pearsonmylab.com](http://www.pearsonmylab.com)
2. Click on **Sign In**
3. Enter your username and password, then click **Sign In**
4. Click on the course name on your Courses home page to begin working in your course.

Help and Support from within your course is available by clicking on the **Help and Support Link** on the top right hand side of your screen or to contact Pearson support directly, please visit: <http://247pearsoned.custhelp.com/>

N.B. Do not complete the homework under a temporary access subscription. Get a full, paid subscription before attempting the homework questions.

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## Learning Finance

Finance is a problem-based discipline. Mastery (and your course grade) improves with the number of problems completed. Completing the graded homework is not sufficient preparation for the midterm and final exams. Students should attempt most (all) of the online homework questions in CFO.

A recent study of performance in introductory finance found that performance improves with the number of questions attempted and with the number completed correctly.<sup>1</sup> It is in the student's best interest to work on the homework alone and use friends only to help resolve misunderstandings.

## Grading Scheme

The final course grade will be constructed as a weighted average of the components. The weights are shown in the table, below.

	Weight
Homework	15%
Quizzes	15%
Midterm	30%
Final Exam	40%

## Online Homework

Most weeks there will be online homework on CFO. The homework can be started and stopped as desired and answers will be saved. Homework questions can be repeated until answered correctly. The homework can be completed on any computer.

The homework questions are algorithmic. Each student's homework assignment has the same questions but the questions have different numbers. Each time a question is regenerated it will have different numbers.

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<sup>1</sup> "Determinants of Performance in a Hybrid Finance Course" with Brian F. Smith. 2010. *Advances in Financial Education*. Vol. 8, Issues 1&2, 22-34.

Each student's homework mark will be constructed as the number of questions answered correctly over the total number of questions. The values will be totaled across all of the homework.

The homework questions are VERY sensitive as to the format and accuracy of your answers. Please read the instructions for each question, because they tell you how to format your answer. Please be careful with rounding. If you use a calculator, then carry plenty of significant figures. Better still, use a spreadsheet.

## Homework Schedule

Start Date	End Date	Title
04-Sep-14	16-Sep-14	Time Value of Money Homework #1
04-Sep-14	21-Sep-14	Time Value of Money Homework #2
15-Sep-14	28-Sep-14	TVM and S.T. Financing Hmwrk
25-Sep-14	13-Oct-14	Bonds Homework
02-Oct-14	22-Oct-14	Stocks Homework
09-Oct-14	02-Nov-14	Portfolio Theory I Homework
09-Oct-14	09-Nov-14	Portfolio Theory II Homework
30-Oct-14	16-Nov-14	Futures and Options Homework
13-Nov-14	23-Nov-14	WC Mgmt & Ratio Analysis Homework
20-Nov-14	30-Nov-14	Cash Budgets and F/S Forecasting Homework
25-Nov-14	3-Dec-14	Free Cash Flow

In case of discrepancies, the dates and times on CFO are official.

## Exams & Quizzes

<i>Name</i>	<i>Type</i>	<i>Date</i>	<i>Start Time</i>	<i>Duration (mins)</i>
Financial System & Intro TVM	Quiz	Sept 17	10:00pm	30
Annuities	Quiz	Sept 21	10:00pm	35
Loans	Quiz	Sept 28	10:00pm	35
Short-term Financing	Quiz	Oct 5	10:00pm	30
Midterm	Exam	Oct 24	7:30pm	120
Portfolio Theory I	Quiz	Nov 9	10:00pm	30
Portfolio Theory II	Quiz	Nov 16	10:00pm	30
Futures & Options	Quiz	Nov 23	10:00pm	40
Final	Exam	TBA	TBA	150

In case of discrepancies, the dates and times on CFO are official.

Quizzes are online, short (typically 30 minutes), open book and can be completed on any computer. The quizzes are designed to force students to review the course material and to help students evaluate their mastery in a medium-pressure setting. Students who study for the quiz (by reading and completing homework problems) and who complete the quiz alone will perform better on the exams.

The quiz mark will be constructed by dropping the two lowest scores (out of the seven quizzes). This policy is designed to protect students from harm due to technical problems. Students who experience a problem that affects their quiz performance do NOT need to contact their instructor. There will be no alternate quizzes. To maximize course performance, students should plan to write all seven quizzes.

Students with inter-varsity sports or religious conflicts (only) will write an alternate midterm on a date to be announced (probably during the week prior to Oct 24). Please register to write the early mid-term prior to Oct 5. You can register by emailing professor McNally ([wmcnally@wlu.ca](mailto:wmcnally@wlu.ca)).

Students who miss the midterm with a valid medical note will have the weight of the midterm added to the final exam and will write a longer final exam (3 hours) at a different location (TBA). No other excuses except a death in the immediate family are valid.

### **Communicating With the Professor**

Except for personal issues, students should use class time to pose questions and resolve issues. Use emails for personal issues only.

### **Power Point Slides and Other Downloads**

Power point slides, supplementary readings, extra practice problems, and class activities can be downloaded from the “Document Sharing” area on the CFO/MFL web site. Exam instructions, formula sheets, and solutions will also be available from that location.

### **Academic Help**

If students are stuck on a problem (or idea), they can get assistance in three ways: 1) ask the professor in class; 2) send an email to the TAs ([BU383TA@gmail.com](mailto:BU383TA@gmail.com)); or 3) use the “Ask my Instructor” button in MFL. Every end-of-topic (chapter) question in MFL has an “Ask My Instructor” button. Click on that and you can email a TA with your question and a link to the problem you are stuck on.

Drop-in TA support will be offered before quizzes and exams. The schedule is shown in the table, below. Precise hours will be posted as the dates approach.

	Mid-term Exam	Mid-Term Review	Final Exam
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Date:	Oct 21 – Oct 23	Nov 3 - Nov 6	TBA
Time:	Afternoons. Hours TBA.	Afternoons. Hours TBA.	Afternoons. Hours TBA.
Place:	SBE3263	SBE3263	SBE3263

### **Technical Support**

CFO technical support is available at: <http://247pearsoned.custhelp.com>. There you can submit a support request or chat online. You may have to create a support account in order to ask a question. To create an account click on the 'Sign up' link in the upper right-hand corner. Telephone support is also available at 1-800-677-6337.

### **Student Conduct**

Students, at a minimum, are expected to adhere to their responsibilities as outlined in the calendar. Given the large class size, it is especially important that students refrain from disruptive behaviour during the class. In particular, please do not converse while the instructor is speaking, and please leave quietly if you do not intend to participate in the tutorial portion of the class.

### **Class Preparation**

Students should come to class with the Workbook, pencils, and a calculator or laptop computer.

### **Calculators and Computers**

Students should have a good scientific calculator or a financial calculator. Financial calculators are NOT required. There will be NO time value tables provided with the final exam. Students must have access to a PC or Apple computer. Students must be proficient in the use of a spreadsheet such as MS-Excel.

### **Students with Disabilities**

Students with disabilities or special needs are advised to contact Laurier's Special Needs Office for information regarding its services and resources. Students are encouraged to review the Calendar for information regarding all services available on campus.

## CLASS SCHEDULE & READINGS: FALL 2014

M,W	T,R	T	W	R	F	Topic	READINGS	Workbook
Sept 8	Sept 4	Sept 9	Sept 10	Sept 4	Sept 5	Introduction		
Sept 10	Sept 9	Sept 9	Sept 10	Sept 4	Sept 5	TVM Intro	Ch. 1 & Ch. 3	Introduction to TVM
Sept 15	Sept 11	Sept 16	Sept 17	Sept 11	Sept 12	Annuities & Retirement	Ch. 4.1; 4.2 & 4.3	Annuities and Loans Part 1
Sept 17	Sept 16	Sept 16	Sept 17	Sept 11	Sept 12	Amortized Loans	Ch. 4.4	Annuities and Loans Part 2
Sept 22	Sept 18	Sept 23	Sept 24	Sept 18	Sept 19	Leases & Mortgages	Ch. 4.4	Annuities and Loans Part 2
Sept 24	Sept 23	Sept 23	Sept 24	Sept 18	Sept 19	Short-term Financing	Ch. 15.5 & "Short-term Financing"*	Short-term Financing
Sept 29	Sept 25	Sept 30	Oct 1	Sept 25	Sept 26	Bonds 1	Ch. 7.1, Ch. 7.2	Fixed Income Part 1
Oct 1	Sept 30	Sept 30	Oct 1	Sept 25	Sept 26	Bonds 2	Ch. 7.3, 7.4	Fixed Income Part 2
Oct 6	Oct 2	Oct 7	Oct 8	Oct 2	Oct 3	Bonds 2/Stocks 1	Ch. 7.5	Fixed Income Part 1 & Stocks Part 1
Oct 8	Oct 7	Oct 7	Oct 8	Oct 2	Oct 3	Stocks 1	Ch. 8.1, 8.2, 8.3	Stocks Part 1
n.a.	Oct 9	n.a.	n.a.	Oct 9	Oct 10	Stocks 2	Ch. 8.3,8.4	Stocks Part 2
Oct 13	n.a.	n.a.	n.a.	n.a.	n.a.	Thanksgiving		
	Oct 14	n.a.	n.a.	n.a.	n.a.	Reading Week		
Oct 15	Oct 16	Oct 14	Oct 15	Oct 16	Oct 17	Reading Week		
Oct 20	n.a.	Oct 21	Oct 22	n.a.	n.a.	Stocks 2	Ch. 8.3, 8.4	Stocks Part 2
Oct 22	Oct 21	Oct 21	Oct 22	Oct 9	Oct 10	Risk and Return	Ch. 5	Risk and Return
n.a.	Oct 23	n.a.	n.a.	Oct 23	Oct 24	Portfolio Theory 1	Ch. 6.1	Portfolio Theory I
Oct 24	Oct 24	Oct 24	Oct 24	Oct 24	Oct 24	Mid-term Exam		
Oct 27	n.a.	Oct 28	Oct 29	n.a.	n.a.	Portfolio Theory 1	Ch. 6	Portfolio Theory I
Oct 29	Oct 28	Oct 28	Oct 29	Oct 23	Oct 24	Portfolio Theory 2	Ch. 6	Portfolio Theory II
Nov 3	Oct 30	Nov 4	Nov 5	Oct 30	Oct 31	Portfolio Theory 3	Ch. 6	Portfolio Theory II
Nov 5	Nov 4	Nov 4	Nov 5	Oct 30	Oct 31	Futures	Ch. 19	Forwards & Futures
Nov 10	Nov 6	Nov 11	Nov 12	Nov 6	Nov 7	Options	Ch. 19	Options
Nov 12	Nov 11	Nov 11	Nov 12	Nov 6	Nov 7	Options	Ch. 19	Options
Nov 17	Nov 13	Nov 18	Nov 19	Nov 13	Nov 14	Working Capital Mgmt	Ch. 15.1	Working Capital Mgmt
Nov 19	Nov 18	Nov 18	Nov 19	Nov 13	Nov 14	Ratio Analysis	Ch. 2	Ratio Analysis
Nov 24	Nov 20	Nov 25	Nov 26	Nov 20	Nov 21	Cash Budgets	Ch. 14.2	Sales Frcst & Cash Budget
Nov 26	Nov 25	Nov 25	Nov 26	Nov 20	Nov 21	Pro Forma	Ch. 14.1 & 14.3	Financial Statements Frcstng
Dec 1	Nov 27	Dec 2	Dec 3	Nov 27	Nov 28	Free Cash Flow	Ch. 17.2	Free Cash Flow

\*Reading and practice problems available in "Document Sharing" area of MFL/CFO site.