Advanced Financial Management - FIN 404  
Spring 2013

Professor: Nathan Harness  
Office: BA 253  
Class Time: MW 12:30-1:45PM  
Place: BA 258  
Office Hours: Anytime by appointment  
Phone: 903.886.5673  
E-mail: nathan.harness@tamuc.edu

REQUIRED TEXTS/MATERIALS:


Financial Calculator: TI BA-II or comparable (not alpha programmable). I will only be teaching from the BA- II. For free guidebook see: http://education.ti.com/guidebooks/financial/baiipluspro/BAIPLUSPROGuidebook_EN.pdf

COURSE DESCRIPTION:

In this course we will study intermediate techniques of financial management. The core content of this course will provide you with the knowledge specific to fundamental financial management, cash budgeting, capital budgeting, and financial impact of alternative financing methods in both short and long term projects. We will also cover risk management, financial engineering, and calculating cost of corporate capital.

Prerequisite: Fin 304 and a basic knowledge of corporate finance and usage of financial calculator/Excel.

The publisher has a great website that includes a number of investment calculations and spreadsheets. It is a long web address so the easiest way to find it is to go to google.com and enter (intermediate financial management, student). Click on the first or second choice that should say something like “Cengage – Finance – Student…”

MAJOR TOPICS COVERED:

Upon completion of this course, students should be able to do the following:

- Students will understand the concept of creating stockholder value.
- Students will understand the concept of Agency theory.
- Students will understand the concept of Expected Return.
- Students will understand the concept of Standard deviation.
- Students will understand the concept of SML.
- Students will understand the concept of bonds valuation.
- Students will understand the concept of required rate of return on bonds.
- Students will understand the concept of equity stock valuation.
- Students will understand the concept of preferred stock valuation.
- Students will understand the concept of free cash flow.
• Students will understand the concept of the DuPont Equation
• Students will understand the concept of cost of internal and external equity.
• Students will understand the concept of after-tax cost of debt
• Students will understand the concept of WACC
• Students will understand the concept of MIRR
• Students will understand the concept of NPV
• Students will understand the concept of Operating Leverage
• Students will understand the concept of financial leverage
• Students will understand the concept of combined leverage
• Students will understand the concept of cash conversion cycle.

ATTENDANCE/PARTICIPATION:

Attendance is encouraged, but not required. If there is a need to curve the final grades, I will consider attendance and class participation. Some quizzes and assignments will not be scheduled; rather they will be given on random days throughout the semester. **Given the difficulty of this material, you will NOT pass this class without regular reading (prior to class), class attendance, and participation.**

TEACHING PROCEDURES:

The class will be conducted in a lecture/discussion format. Be prepared to discuss and ask questions about the material assigned for each class period. This will require that you read the material prior to the class period during which it will be discussed. Although many of the issues covered in the readings will be discussed in class, all the areas covered in the readings will not be part of class discussion. You are encouraged to participate in class. Participation is based on volunteering for class activities and exhibiting a positive attitude, demonstrated by attentive, courteous, and respectful behavior at all times. The nature of this course encourages an interactive forum, and everyone has something valuable to contribute. Disruptive or rude behavior will not be tolerated.

EXAMS:

There will be TWO regular exams and a final. You will be responsible for information from class discussion, required readings, and homework. **No makeup exams will be given** unless for a University allowed excused absence. For an excused absence, the make-up exam will be administered prior to the scheduled exam. If you need to miss an exam for an excused absence let me know IN ADVANCE so we can make arrangements. **Anyone missing an exam (unexcused) will replace this missed exam with the final. Anyone missing two exams will automatically fail the class.**

It is very important that you understand the exam policy. In short:

1. Don’t miss an exam without an excused absence or pay the penalty of a double weighted final
2. It is not necessary to notify me when you miss an exam as it will automatically be replaced with the final unless it is a University excused absence as discussed below under “POLICY ON LATE WORK”.
3. Don’t miss two exams or you will fail the course.

ASSIGNMENTS/QUIZZES:
You will receive quizzes/assignments during the semester. The number of quizzes/assignments is not set so your total point value will be an average of all assignments and quizzes. These assignments and quizzes will include text questions and/or supplemental activities. There will be no make ups for quizzes or assignments, however; I will drop the lowest quiz/assignment grade. This will allow anyone to miss one quiz/assignment without penalty. If you don’t miss any quizzes/assignments I will drop your lowest score instead. This will reward those who complete all quizzes and assignments.

**PARTICIPATION:**

This course is based on the belief that mastery of the subject matter occurs through taking an active role in the learning process. Students are expected to attend class regularly and punctually. Lectures will be most beneficial when you complete assigned readings before topics are discussed in class. Assignments should be read prior to the appropriate class meeting.

**GRADING INFORMATION:**

<table>
<thead>
<tr>
<th>Assignment</th>
<th>Points Value</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quizzes/Assignments</td>
<td>200</td>
<td>As assigned</td>
</tr>
<tr>
<td>Test I</td>
<td>250</td>
<td>See schedule</td>
</tr>
<tr>
<td>Test II</td>
<td>250</td>
<td>See schedule</td>
</tr>
<tr>
<td>Final Exam</td>
<td>300</td>
<td>See schedule</td>
</tr>
</tbody>
</table>

**TOTAL POINTS**: 1000

Final Grades will be determined by the following schedule:

- A: 900 – 1000 points
- B: 800 – 899 points
- C: 700 – 799 points
- D: 600 – 699 points
- F: 0 - 599 points

Grades of "I" (incomplete) will not be given to students who merely do not come to class, have failed to satisfactorily complete the course, or who beg, bother, or otherwise pester this instructor. Refer to the University's policy regarding incompletes for further information.

**ACADEMIC INTEGRITY/PLAGERISM:**

All academic work must meet the standards contained in A Culture of Honesty: Policies and Procedures on Academic Honest. Students are responsible for informing themselves about those standards and for observing the University Honor Code. Plagiarism occurs when a student submits work that is not his or her own. This includes copying from printed materials, websites, or from other people. All students are expected to turn in work that has been completed individually, unless otherwise informed by the instructor. Any assignment containing plagiarized material will automatically be graded as zero. The instructor will use the available technology at hand to determine if you have or appeared to have cheated. You are required to access all data and lectures available to you during the semester.

**ADA:**

The Americans with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation
requires that all students with disabilities be guaranteed a learning environment that provides for reasonable accommodation of their disabilities. If you have a disability requiring an accommodation, please contact:

Office of Student Disability Resources and Services
Texas A&M University-Commerce
Halladay Student Services Building
Room 303 A/D
Phone (903) 886-5150 or (903) 886-5835
Fax (903) 468-8148
StudentDisabilityServices@tamu-commerce.edu

CIVILITY IN THE CLASSROOM:

Students are expected to assist in maintaining a classroom environment that is conducive to learning. In order to assure that all students have an opportunity to gain from time spent in class, students are prohibited from using cellular phones or beepers, making offensive remarks, chatting, reading newspapers, sleeping, or engaging in any other form of distraction. Inappropriate behavior in the classroom shall result in “minimally” a request to leave class.

POLICY ON LATE WORK:

Late work WILL NOT BE ACCEPTED without a university excused absence as defined by Texas A&M – Commerce Rules and Procedures 13.99.99.R0.01. Note: keep a copy of your work - this protects you in the event of questions about missing assignments.

Excused absences include and are limited to:

- Pre-authorized religious holidays
- Participation in a required/authorized university activity
- Voting on Election Day
- Obligation of student at legal proceedings in fulfilling responsibility as a citizen
- Documented death in a student’s immediate family
- Verified illness – Resulting in Hospitalization or Long-Term Illness

COURSE OUTLINE:
**THIS IS A WEEKLY CALENDAR BUT WE WILL MEET TWICE A WEEK.**

<table>
<thead>
<tr>
<th>Week of</th>
<th>Readings</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>14-Jan</td>
<td>Chapter 1</td>
<td></td>
</tr>
<tr>
<td>21-Jan</td>
<td>Chapter 2</td>
<td>Closed 21st for MLK Holiday</td>
</tr>
<tr>
<td>28-Jan</td>
<td>Chapter 4</td>
<td></td>
</tr>
<tr>
<td>4-Feb</td>
<td>Chapter 5</td>
<td></td>
</tr>
<tr>
<td>11-Feb</td>
<td>Review/Catchup</td>
<td></td>
</tr>
<tr>
<td>18-Feb</td>
<td>Test I</td>
<td>Test is 20th</td>
</tr>
<tr>
<td>25-Feb</td>
<td>Chapter 7</td>
<td></td>
</tr>
<tr>
<td>4-Mar</td>
<td>Chapter 8</td>
<td></td>
</tr>
<tr>
<td>11-Mar</td>
<td>Spring Break</td>
<td></td>
</tr>
<tr>
<td>18-Mar</td>
<td>Chapter 10</td>
<td></td>
</tr>
<tr>
<td>25-Mar</td>
<td>Test II</td>
<td>Test is 27th</td>
</tr>
<tr>
<td>1-Apr</td>
<td>Chapter 12</td>
<td></td>
</tr>
<tr>
<td>8-Apr</td>
<td>Chapter 13</td>
<td></td>
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<tr>
<td>15-Apr</td>
<td>Chapter 21</td>
<td></td>
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<tr>
<td>22-Apr</td>
<td></td>
<td></td>
</tr>
<tr>
<td>29-Apr</td>
<td>Chapter 24</td>
<td></td>
</tr>
<tr>
<td>TBA</td>
<td>Final Exam</td>
<td></td>
</tr>
</tbody>
</table>

**NOTE:** THE COURSE SYLLABUS IS A GENERAL PLAN FOR THE COURSE. DEVIATIONS ANNOUNCED TO THE CLASS BY THE INSTRUCTOR MAY BE NECESSARY.
COURSE: ____________________

INSTRUCTOR: ______________________________

NAME: __________________________________________

I have received, read and understand this syllabus as presented by the instructor and am clear as to the requirements and effort that will be required to succeed in this course.

___________________________________________________     _____________
Signature                                                                      Date
<table>
<thead>
<tr>
<th>Criteria Title</th>
<th>Strength</th>
<th>Unsatisfactory</th>
<th>Emerging</th>
<th>Proficient</th>
<th>Exemplary</th>
</tr>
</thead>
<tbody>
<tr>
<td>FIN 404.01</td>
<td>1</td>
<td>Student cannot demonstrate an understanding of any of the fundamental concepts of corporate finance in creating shareholder value.</td>
<td>Student can demonstrate some understanding of the fundamental concepts of corporate finance in creating shareholder value.</td>
<td>Student can demonstrate understanding of most of the fundamental concepts of corporate finance in creating shareholder value.</td>
<td>Student can demonstrate understanding of all the fundamental concepts of corporate finance in creating shareholder value.</td>
</tr>
<tr>
<td>FIN 404.02</td>
<td>1</td>
<td>Student cannot demonstrate an understanding of financial assets in relation to the market.</td>
<td>Student can demonstrate some understanding of financial assets in relation to the market.</td>
<td>Student can demonstrate an understanding of most of the traditional and modern valuation techniques of financial assets in relation to the market.</td>
<td>Student can demonstrate an understanding of all the traditional and modern valuation techniques of financial assets in relation to the market.</td>
</tr>
<tr>
<td>FIN 404.03</td>
<td>1</td>
<td>Student cannot show an understanding and show ability to measure financial decisions as it relates to risk and return concepts.</td>
<td>Student can demonstrate some understanding and show ability to measure financial decisions as it relates to risk and return concepts.</td>
<td>Student can demonstrate an understanding of most of the ways to measure financial decisions as it relates to risk and return concepts.</td>
<td>Student can demonstrate an understanding of and show ability to measure all financial decisions as it relates to risk and return concepts.</td>
</tr>
</tbody>
</table>