

Fall 2015

## **FIN 4400**

Neal Maroney  
*University of New Orleans*

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# FINANCE 4400-601

## PRINCIPLES OF FINANCIAL MANAGEMENT

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<b>Instructor</b>	Prof. Neal Maroney
<b>Session</b>	Fall 2015
<b>Time</b>	6:00-8:45 M
<b>Room</b>	KH222
<b>Office</b>	KH 438E
<b>Office Hours</b>	M  11-1:00pm, T  12-2:00pm, W 12-2pm I will check Email. While most email will be answered promptly, you can expect an email response within 24 hours, but on weekends expect it by Monday. I prefer to meet you by appointment at the office.
<b>Phone (W)</b>	280-6908 -- office phone routes to cell
<b>Phone (H)</b>	
<b>Email</b>	<a href="mailto:nmaroney@uno.edu">nmaroney@uno.edu</a>
<b>Moodle</b>	<a href="https://uno.mrooms3.net/login/index.php">https://uno.mrooms3.net/login/index.php</a>
<b>Prerequisite</b>	Enrollment in PhD program or approval of graduate coordinator
<b>Recommended Course Materials</b>	<ul style="list-style-type: none"> <li>• E.F. Brigham and J. Houston, Fundamentals of Financial Management, Concise Eighth Edition. 2015. Textbook ISBN-10: 1285867971</li> <li>• Brigham Study Guide and PowerPoint slides are provided on Moodle.</li> <li>• Aplia: Access at Aplia.com. <b>Course Key: SBFX-9T7C-XVKY.</b> The first month is free and you must pay after that.</li> <li>• A Financial Calculator [ <a href="#">TI BAII</a> + , HP 10-B or Sharp EL733 recommended ]. Any calculator you do use <b>must have</b> the ability to perform <b>uneven cash flows</b>. <i>I will be using the <b>TI BAII</b>+ for all in-class (and on line) demonstrations.</i> The ability to use the financial calculator is essential to your success in this class. You must be familiar with how to use the calculator by the time we reach the Time Value of Money chapter.</li> <li>• <i>Excel</i></li> </ul>
<b>Course Objectives</b>	<ul style="list-style-type: none"> <li>❖ This course is designed for the fledgling business student, not just the finance major. Because this is a survey course, we will cover a huge amount of material. We will begin with a general overview and then take a more detailed look at several concepts, financial instruments, and the techniques used in financial decision making.</li> <li>❖ The major objectives are:             <ul style="list-style-type: none"> <li>➤ <b>To familiarize you with the world of finance.</b> Anyone involved with the management of a business needs to have at least some minimal knowledge of business finance.</li> <li>➤ <b>To learn Maroney's basic finance lessons:</b> <ol style="list-style-type: none"> <li>1. <i>Maximizing Shareholders wealth</i> is the single <u>most important objective</u> to finance.</li> <li>2. <i>Cash flow</i> generated by a firm is the sacred cow to creating shareholder value.</li> <li>3. The <i>opportunity cost of capital</i> (i.e., a payment per dollar invested/interest rate) is what shareholders could receive on other alternative investments that share the same risk.</li> <li>4. Cash flows generated by a firm must be sufficient as to meet or exceed what shareholders could receive by investing in other firms or shareholder value will not be enhanced (i.e., they are better off investing in another firm).</li> <li>5. Payments to be received or paid in the future are worth less today—<u>Money has time value!</u></li> <li>6. A financial asset (e.g., stock or bond) is a <u>contract!</u></li> </ol> </li> </ul> </li> </ul>

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Every transaction has *two* sides—the financial side (the contract) and the real side (the real asset).

7. The present value of what any asset offers or pays an investor in the future (i.e., the contract terms) determines its fundamental value today.
  8. There is a positive tradeoff between risk and return!
  9. *Diversification pays*--Holding a basket of assets can lower risk without lowering return.
  10. In an efficient market all assets earn a “fair” rate of return. Investors earn returns commensurate with the risk they are willing to bear.
  11. Incorporating risk into the opportunity cost of capital gives us a more realistic look at the impact of uncertain cash flows on shareholders wealth.
  12. Firms with more fixed payment obligations (e.g., debt) are riskier to invest in.
  13. Insights about the financial health of a firm can be gained through knowing how to read and interpret financial statements
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***Course  
Procedures***

- ❖ Moodle Announcements: Pay careful attention to the announcements in Moodle. All course changes and new posts will appear in the announcements.

***Moodle  
Aplia  
Assignments  
PowerPoint  
Discussion  
Board  
Submitting  
work***

- ❖ PowerPoint: Power Point slides are located under the PPT slides tab.
- ❖ Assignments: I will post a number of assignments to complete in Aplia on a weekly basis. You will have multiple attempts to get it right.
- ❖ Discussion Board: The discussion board is a forum for you to communicate with classmates and your professor on issues relating to this class including- problem sets, topics, lectures, cases, current events, and course logistics. I will monitor it. Any inappropriate posting will result in a fitting response that may include a failing course grade and/or university disciplinary action.

***Course  
Procedures***

***Conduct***

- ❖ Students are expected to be in class on time. If a student plans to leave earlier than scheduled, he/she should notify the instructor before the class starts. Cell phones expected to be turned off during the class meeting.

***Academic  
Integrity***

- ❖ Academic integrity is fundamental to the process of learning and evaluating academic performance. Academic dishonesty will not be tolerated. Academic dishonesty includes, but is not limited to, the following: cheating, plagiarism, tampering with academic records and examinations, falsifying identity, and being an accessory to acts of academic dishonesty. Refer to the Student Code of Conduct for further information. The Code is available online at <http://www.studentaffairs.uno.edu>.

***Students with  
Disabilities***

- ❖ It is University policy to provide, on a flexible and individualized basis, reasonable accommodations to students who have disabilities that may affect their ability to participate in course activities or to meet course requirements. Students with disabilities should contact the Office of Disability Services as well as their instructors to discuss their individual needs for accommodations. For more information, please go to <http://www.ods.uno.edu>

***Attendance***

- ❖ *You are expected to attend class and participate in class discussions. I reserve the option to subtract at least one letter grade for excessive absenteeism.*
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<b>Course Grade</b>	❖ <i>Exam materials:</i> you will be allowed to bring your <i>own financial calculator</i> and an <i>8.5 x 11 inch sheet of paper</i> on which you can write or copy anything you want on both sides. No other materials may be used during the exam.								
<i>Exam grading and exam policy</i>	<p>❖ <i>Exam Content:</i> All exams will be a combination of multiple guess, true/false explain, or short answer with approximately 15-20 questions with equal weight.</p> <p>❖ <i>Grading:</i> Exam top grade is always 100%. Your grade for each exam will have whatever points added to it that is required to make the top grade 100%. After the points are added, a percentage correct is determined for that exam. (e.g. <i>Jane receives a -4 on her exam while John receives the high of -2; there are 20 points possible. Everyone receives 2 points. John's score is now <math>20/20 = 100\%</math> and Jane's score <math>18/20=90.0\%</math></i> )</p> <p>❖ NO MAKEUPS ARE ALLOWED!</p> <p>❖ Final Exam is MANDATORY</p>								
<i>Letter grade</i>	<p>Letter grades are assigned with the following scale by weighting together the components below with the percentage achieved in each component:</p> <ul style="list-style-type: none"> <li>• A = 90-100%</li> <li>• B = 80-89%</li> <li>• C = 70-79%</li> <li>• D = 60 –69%</li> <li>• F = 59% or below</li> </ul>								
<i>Weights</i>	<p>❖ Your grade depends on:</p> <table> <tr> <td>➤ Aplia homework</td><td>15%</td></tr> <tr> <td>➤ 2 Mid-terms</td><td>47%</td></tr> <tr> <td>➤ Final</td><td>35%</td></tr> <tr> <td>➤ Participation</td><td>3%</td></tr> </table>	➤ Aplia homework	15%	➤ 2 Mid-terms	47%	➤ Final	35%	➤ Participation	3%
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## COURSE SCHEDULE

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This schedule is tentative and subject to change. Any amendments will be announced on Moodle

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Week	Date	Chap	Topic
Week 1	20-Aug	Chapter 1:	An Overview of Financial Management
	22-Aug	Chapter 2:	Financial Markets and Institutions
	24-Aug	Chapter 2:	Financial Markets and Institutions
Week 2	27-Aug	Chapter 3:	Financial Statements, Cash Flow, and Taxes
	29-Aug	Chapter 3:	Financial Statements, Cash Flow, and Taxes
	31-Aug	Chapter 4:	Analysis of Financial Statements
Week 3	3-Sep	Labor day	
	5-Sep	Chapter 4:	Analysis of Financial Statements
	7-Sep	Chapter 4:	Analysis of Financial Statements
Week 4	10-Sep	Chapter 5:	Time Value of Money
	12-Sep	Chapter 5:	Time Value of Money
	14-Sep	Chapter 5:	Time Value of Money
Week 5	17-Sep	Chapter 5:	Time Value of Money
	19-Sep	Chapter 5:	Time Value of Money
	21-Sep	Mid-I	
Week 6	24-Sep	Chapter 6:	Interest Rates
	26-Sep	Chapter 6:	Interest Rates
	28-Sep	Chapter 8:	Risk and Rates of Return
Week 7	1-Oct	Chapter 8:	Risk and Rates of Return
	3-Oct	Chapter 8:	Risk and Rates of Return
	5-Oct	Chapter 8:	Risk and Rates of Return
Week 8	8-Oct	Chapter 9:	Stocks and Their Valuation
	10-Oct	Chapter 9:	Stocks and Their Valuation

Week 9	12-Oct	Break	
	15-Oct	Chapter 9:	Stocks and Their Valuation
	17-Oct	Chapter 7:	Bonds and Their Valuation
Week 10	19-Oct	Chapter 7:	Bonds and Their Valuation
	22-Oct	Chapter 7:	Bonds and Their Valuation
	24-Oct	Chapter 7:	Bonds and Their Valuation
Week 11	26-Oct	Mid-II	
	29-Oct	Chapter 10:	The Cost of Capital
	31-Oct	Chapter 10:	The Cost of Capital
Week 12	2-Nov	Chapter 10:	The Cost of Capital
	5-Nov	Chapter 11:	The Basics of Capital Budgeting
	7-Nov	Chapter 11:	The Basics of Capital Budgeting
Week 13	9-Nov	Chapter 11:	The Basics of Capital Budgeting
	12-Nov	Chapter 11:	The Basics of Capital Budgeting
	14-Nov	Chapter 12:	Cash Flow Estimation and Risk Analysis
Week 14	16-Nov	Chapter 12:	Cash Flow Estimation and Risk Analysis
	19-Nov	Chapter 12:	Cash Flow Estimation and Risk Analysis
	21-Nov	Chapter 12:	Cash Flow Estimation and Risk Analysis
Week 15	23-Nov	T-Day	
	26-Nov	Chapter 13:	Capital Structure and Leverage
	28-Nov	Chapter 13:	Capital Structure and Leverage
	30-Nov	Review	
Final	Section 001 Monday December 3 <sup>rd</sup> 7:30 – 9:30am		
	Section 002 Thursday December 6 <sup>th</sup> 10:00 – 12:00am		

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