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Central Michigan University  
College of Business Administration

**MASTER COURSE SYLLABUS**

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<u>FIN</u> Design.	<u>332</u> No.	<u>Managerial Finance</u> Title	<u>3(3-0) D</u> Credit (Mode)
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**I. Bulletin Description**

Basic principles and techniques of the acquisition, management, and distribution of financial resources.

**II. Prerequisites**

ACC 201, 202; 56 semester hours completed.

**III. Rationale for Course Level**

**IV. Textbooks and Other Materials to be Furnished by the Student**

Ross, Stephen A, Randolph W. Westerfield, and Bradford D. Jordan, Fundamentals of Corporate Finance, 6<sup>th</sup> Edition, Irwin McGraw-Hill, 2003. Additional readings may be assigned from The Wall Street Journal.

**V. Special Requirements of the Course**

At the discretion of the instructor, students may be required to trade securities in the trading game STOCK-TRAK.

**VI. General Methodology Used in Conducting the Course**

The course is a lecture and problem-solving course. Students are expected to complete assigned problems in preparation for examinations which will measure student learning. The assigned problems illustrate the methods of financial analysis deemed most important by the instructor.

**VII. Course Objectives**

In a broad context, the objectives of the course are to supply the knowledge of the financial function and the understanding of the financial analyses necessary to a professional business career. More specific objectives are:

1. To familiarize the student with the tools, techniques, ethics, operations, and institutions of corporate finance.
2. To develop skills in the recognition, synthesis, analysis, and solution of financial problems.
3. To increase the students' understanding of finance and its role in

- international trade.
4. To involve the student with cash flow analysis, capital budgeting, risk analysis, ratio analysis, leverage, working capital policy, current assets, and short-term financing.
  5. To explore the components and risk implications of the corporate capital structure.
  6. To generate an understanding of financial statement analysis as a method of evaluating corporate performance.

### VIII. Course Outline

<u>Week</u>	<u>Topic</u>
1	Introduction to Financial Management, Goals and Ethics Financial Statements, Taxes and Cash Flows
2	Ratio Analysis
3	Financial Forecasting
4	Time Value of Money
5	Security Valuation
6	Capital Budgeting Techniques
7	Cash Flow Analysis
8	Risk and Return
9	Cost of Capital
10	Sources of Capital
11	Capital Structure Policy
12	Dividend Policy
13	Working Capital Management
14	International Corporate Finance
15	Options, Corporate Securities and Hedging
16	Final Examination

### IX. Evaluation

The primary means of evaluation will be by student examinations. Instructors should clearly explain grading procedures in the course syllabus. An example is below:

Examinations:	2 x 100	= 200 pts.
Final Examination:	1 x 100	= 100
Stock-Trak:		= 100
	(all students score 80 to 100 unless penalized)	
Unannounced Quizzes		= <u>100</u>
Maximum Total Points		= 500

### X. Bibliography

- Altman, Edward I. "Financial Ratios, Discriminate Analysis and the Prediction of Corporate Bankruptcy," Journal of Finance 23 (September 1968), 589-609.
- Anthony, Robert N. "The Trouble with the Profit Maximization," Harvard Business Review 38 (November-December 1960), 126-34.
- Barges, Alexander. The Effect of Capital Structure on the Cost of Capital. Englewood Cliffs, NJ: Prentice Hall, 1963.
- Bowle, Norman E., and Ronald F. Duska. Business Ethics, 2nd ed. Englewood Cliffs, NJ: Prentice Hall, 1990.
- Brigham, Eugene F. and Joel Houston, Fundamentals of Financial Management, 4<sup>th</sup> edition, Thomson Learning, 2004.
- Buhholz, Rogene A., Fundamental Concepts and Problems in Business Ethics. Englewood Cliffs, NJ: Prentice Hall, 1989.
- Donaldson, Gordan. "Financial Goals: Management vs. Stockholders," Harvard Business Review 41 (May-June 1963), 116-29.
- Emery, Douglas R., John D. Finnerty and John D. Stowe. Corporate Financial Management, 2<sup>nd</sup> edition, Upper Saddle River, NJ: Prentice-Hall, 2004.
- Fabozzi, Frank J., and Frank G. Zarb, eds. Handbook of Financial Markets. Homewood, IL: Dow Jones-Irwin, 1981.
- Fama, Eugene F., and Michael C. Jensen. "Separation of Ownership and Control," Journal of Law and Economics 26 (June 1983), 301-25.
- Fama, Eugene, and Kenneth French. "The Cross Section of Expected Stock Returns," University of Chicago Center for Research in Security Prices, 1991.
- Feldstein, M., and J. Green. "Why do Companies Pay Dividends?" National Bureau of Economic Research, Conference Paper No. 54 (October 1980).
- Finegan, Patrick T. "Maximizing Share Value at the Private Company," Journal of Applied Corporate Finance (Spring 1991), 30-45.
- Friedman, Milton. "The Social Responsibility of Business Is to Increase Its Profits," New York Times Magazine, (September 13, 1970), 33, 122-26.
- Gitman, Lawrence J., Principles of Managerial Finance, 10<sup>th</sup> edition, Boston, Addison Wesley, 2003.

Hart, William L. Mathematics of Investment, 5th ed. Lexington, MA: D.C. Health, 1975.

Keown, Arthur J., John D. Martin, J. William Petty and David F. Scott, Jr., Foundations of Finance, 4<sup>th</sup> edition, Upper Saddle River, N.J., Prentice-Hall, 2002.

Madura, Jeff, International Financial Management, 7<sup>th</sup> edition, Thomson Southwestern, 2003.

VanHorne, James C. and John M. Wachowicz, Fundamentals of Financial Management, 11<sup>th</sup> edition, Upper Saddle River, N.J., Prentice-Hall, 2001.

Syllabus Prepared By: John Mitchell  
Name

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Signature

March 14, 2003  
Date