

**FRANKLIN COLLEGE SWITZERLAND**  
**Sorengo (Lugano), Switzerland**

**Spring 2003**

**BUS 326**  
**Managerial Finance**

**Instructor:** Dr. DJ Bava, Ed.D., MBA  
**Time:** MWF- 11:30-12:20 Villa 5

**Office:** Valfiorita 0c  
**Hours:** 9:25-11:25

**Course Description (Franklin College Switzerland 2002-2003 Catalog):**

This course examines the principles and practices of fund management in organizations. Attention is given to managerial finance decisions in a global market setting concerning such questions as how to obtain an adequate supply of capital and credit, and how to evaluate alternative sources of funds and their costs. Topics include the management of assets and liabilities, working capital management, capital budgeting, equity versus debt financing, capital structure, and financial forecasting. Prerequisites: BUS 115, ECN 100, ECN 101, MAT 201.

**Course Objectives:**

A basic understanding of the complex world of finance should include an integrated understanding of financial institutions, financial markets, and financial management – the three major strands of finance. The student should appreciate how businesses and individuals are affected by markets and institutions as well as how markets and institutions can assist or impede the realization of individual or firm goals. Financial institutions will be seen as facilitating the work of financial markets. Financial markets will be seen as the arena to which businesses and financial institutions go to raise funds and the mechanism through which individuals can invest their savings to meet future goals. Financial management will be seen as a process in which information obtained from financial markets and institutions will be used efficiently and profitably manage assets and to raise needed funds in a cost-efficient manner.

Students will be required to assess the financial aspects of numerous business scenarios while developing a wide variety of financial skills. Indeed, the purpose of this course is to study the management of the firm from a financial point of view by focusing in the financial manager's primary task, which is *to plan for the acquisition and use of funds so as to maximize the value of the firm*. In other words, the purpose of the course is to enhance student understanding and use of financial information and reports in evaluating the financial environment in which the firm operates. Such a managerial perspective will require attention to interrelated areas of finance as well as involvement with specific activities such as forecasting and planning, major investment and financing decisions, coordination and control, and interaction with capital markets. Topics, therefore, will emphasize the link between theory and applications through a quantitative approach.

**Evaluation and Grading:**

Your grade in the course will be determined by your performance in activities like; homework, exams and final term project. The weight given to each is as follows:

	%	Points
Homework Assignments	30.0	150
Midterm Exam	30.0	150
Final Term Project	30.0	150
Subjective Assessment	10.0	50
<b>Total</b>	<b>100.0</b>	<b>500</b>

**The new analytical tool consists in applying this test. Observe closely, record findings exactly, and frame generalities that cover the facts, without coloring from myth, poetry, or other preconceived idea. The lessons learned will enable you to predict without fail the future behavior of things and thereby guide action with assurance and wisdom. Knowledge is Power!**

### **Text:**

Financial Management - Principles and Practice. Timothy Gallagher and Joseph Andrew. 2<sup>nd</sup> edition. Prentice Hall, 2000.

Suggested Reading: Brigham, E.F. and Houston, J.F., Fundamentals of Financial Management. 9<sup>th</sup> edition. Fort Worth, TX. Harcourt College Publishers.

### **Methodology:**

The format of the class will be lecture-oriented, based on the assigned reading and exercises.

Homework will be assigned for every class that will also provide the basis for class discussion.

Class participants are encouraged to actively engage the instructor to clarify points, and ask questions pertaining to the issues at hand, and to seek assistance during posted office hours

Preparation includes (1) reading material, (2) solving the assigned exercises and problems, and (3) identifying questions that you need answered. Attendance may be taken and assignments may be picked up on an unannounced basis. Also, students may be asked to present problems in class. While attendance and homework assignments will not be graded per se, they may factor into the Subjective Assessment noted in the Evaluation and Grading section.

### **Attendance Policy:**

Attendance will be taken regularly. A student who for no valid reason remains absent from campus for an excessive length of time during the semester may be asked to withdraw from the course and from the college. Non-compliance with the expectation of attendance may result in the student being dropped from the roll for the course by the professor in consultation with the Dean and, in any case, will incur a reduction of the student's final grade by up to 15% after the course evaluation criteria (see section below) have been computed. The reduction of the final grade will be determined by the instructor after a careful consideration of the following guidelines:

1 – 3 unexcused absences: reduction by up to 5%.  
 4 – 6 unexcused absences: reduction by 10 – 15%.  
 More than 6 unexcused absences: grounds for withdrawal from the course.

Students who miss a class due to illness must provide the instructor with a valid medical certificate if they wish to prove cause of absence.

Students will be expected to arrive for class promptly. Tardiness is distracting and time consuming for both the instructor and class participants. Students who consistently arrive late will be charged with unexcused absences, which may affect final grades as noted above.

Course Calendar: Bus 326

Date: Text Chapters – Topics

Mon.	Jan. 20	Introduction to Course, Class Introductions, Review Outline
Wed.	Jan. 22	Chapter 1 – Finance and the Firm
Fri.	Jan. 24	Chapter 2 – Financial Markets and Interest Rates

Date: Text Chapters – Topics

Mon.	Jan. 27	Chapter 3 – Financial Institutions
Wed.	Jan. 29	Chapter 3 – Financial Institutions
Fri.	Jan. 31	Chapter 4 – Review of Accounting
Mon.	Feb. 03	Chapter 5 – Analysis of Financial Statements
Wed.	Feb. 05	Chapter 5 – Analysis of Financial Statements
Fri.	Feb. 07	Chapter 6 – Forecasting for Financial Planning
Mon.	Feb. 10	Chapter 6 – Forecasting for Financial Planning
Wed.	Feb. 12	Chapter 7 – Risk and Return
Fri.	Feb. 14	Chapter 7 – Risk and Return
Mon.	Feb. 17	Discuss Final Term Project
Wed.	Feb. 19	Chapter 8 – The Time Value of Money
Fri.	Feb. 21	Chapter 8 – The Time Value of Money
Mon.	Feb. 24	Chapter 9 – Bond and Stock Valuation
Wed.	Feb. 26	Chapter 9 – Bond and Stock Valuation
Fri.	Feb. 28	Chapter 10 – Capital Budgeting Decision Methods
Mon.	Mar. 03	Chapter 10 – Capital Budgeting Decision Methods
Wed.	Mar. 05	Midterm Exam
Fri.	Mar. 07	Midterm Exam Review
March	10-21	Academic Travel
Mon.	Mar. 24	Chapter 11 – Estimating Incremental Cash Flows
Wed.	Mar. 26	Chapter 11 – Estimating Incremental Cash Flows
Fri.	Mar. 28	Chapter 12 – The Cost of Capital
Mon.	Mar. 31	Chapter 12 – The Cost of Capital
Wed.	Apr. 02	Chapter 13 – Capital Structure Basics
Fri.	Apr. 04	Chapter 13 – Capital Structure Basics
Mon.	Apr. 07	Chapter 14 – Corporate Bonds, Preferred Stock, and Leasing

Date: Text Chapters – Topics

Wed.	Apr. 09	Chapter 15 – Common Market
Fri.	Apr. 11	Chapter 16 – Dividend Policy
Mon.	Apr. 14	Chapter 17 – Working Capital Policy
Wed.	Apr. 16	Chapter 18 – Managing Cash
Fri.	Apr. 18	Breakout Session For Final Term Project
Mon.	Apr. 21	Easter Break
Wed.	Apr. 23	Chapter 19 – Accounts Receivable and Inventory
Fri.	Apr. 25	Chapter 19 – Accounts Receivable and Inventory
Mon.	Apr. 28	Chapter 20 – Short Term Financing
Wed.	Apr. 30	Chapter 21 – International Finance
Thur.	May 01	Reading Day
Tues.	May 06	Final Exam Period- 1:30-3:30

**Other Important Dates to Remember:**

January 23	Deadline for Schedule Changes- Drop/Add
March 24-April 4	Advising and Registration
March 28	Last Day to Withdraw from Classes
May 2-8	Final Exams
May 11	Graduation
May 26-June 26	Summer Session I
June 30-July 31	Summer Session II

**Statement on Cheating and Plagiarism:**

A student, whose actions are deemed by the College to be out of sympathy with the ideals, objectives or the spirit of good conduct as fostered by the College and Swiss community, may be placed on Disciplinary Probation or become subject to dismissal from the College. Cheating is a dishonest action out of sympathy with the ideals, objectives and spirit of the College. Cheating reflects negatively on one's personal integrity. Cheating is unjust to those students who have studied.

Consequently, the College has adopted the following code:

When an examination is in progress, all unauthorized books, notes, papers and notebooks must be left outside the classroom, or, where this is not feasible, left beneath the student's seat unopened.

So far as logistically possible, students will be asked to distribute themselves around the room during an exam so as to leave the widest possible space between them.

During the examination only the blank paper required for the examination and a pencil, pen or other tools as permitted by individual instructors may be on the desk.

Should an instructor see written crib notes in evidence during an exam, the presumption will be that the student is using those notes for cheating on an exam.

If a student must leave the classroom during an examination due to physical duress, the student must turn in the exam and will not be allowed to return during the examination period. No make-up examination will be administered.

It is within the prerogative of the instructor to take a student's paper during an exam and to ask that student to take an oral exam, or another exam, at the instructor's choice.

A student found cheating will be reported to the Dean of the College and may be called before the Student Appeal and Grievance Hearing Board for further disciplinary action.

A student found cheating on an exam would be given an "F" for that examination. If it is a final examination, the student may be given an "F" for the course.

A student whose paper or assignment has clearly been plagiarized will receive an "F" for that paper. Notification will be sent to the Dean of the College. A second offense in that, or any other, course may result in dismissal from the College.

Cases of academic dishonesty may be handled by the instructor in whose course the violation occurred if the matter is a result of student ignorance or is a first offense. The instructor will assess the severity of the violation and impose an appropriate penalty. In the event of a repetition of dishonesty, the matter will be referred to the Dean of the College, and the student will risk expulsion from the College.

**Please also note:** Only conventional calculators will be permitted in class.