



NYU STERN
NEW YORK UNIVERSITY · LEONARD N. STERN SCHOOL OF BUSINESS

Financial Management
Course Syllabus

Spring 2007, C15.0007.03
Tuesday-Thursday 11:00-12:15pm

Professor: Katsiaryna Salavei

Office: KMC 9-151

Homepage: <http://sternclasses.nyu.edu/> (Blackboard)

Office hours: Tuesday – Thursday 3:20-4:30pm
and by appointment

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Course Description

Financial Management is an introductory course in corporate finance. The course outlines theories and techniques for effective financial decision-making and for assessment of the impact of these decisions on company's performance. Special attention will be paid to developing a comprehensive approach to solving financial problems and critically assessing theory and its limitations when applied to real world problems. The course emphasizes use of Excel. The course covers the following topics: financial statements and their analysis, the time value of money, valuation of stocks and bonds, cost of capital, capital budgeting, cash flow estimation and risk analysis, and capital structure. Mastering the concepts covered in this course is essential for a successful career in a business-related field.

Course Objectives

- To provide a strong knowledge of corporate finance concepts and their applications in the business world;
- To provide an understanding of the big picture of corporate finance and how it relates to other business disciplines;
- To enable students to use technology to facilitate financial analysis;

Course Material

Required Text: S. Ross, R. Westerfield and B. Jordan (RWJ), 2005, *Fundamentals of Corporate Finance*, 7th edition, **Customized Version or Regular Edition**, Irwin McGraw-Hill

Recommended Text: Brealey, R., and S. Myers. *Principles of Corporate Finance*. 7th ed. Irwin/McGraw Hill.

Blackboard (<http://sternclasses.nyu.edu/webapps/login>): Class material such as class notes, assignments, relevant articles and other readings, project description will be posted on Blackboard. Selected class material will be distributed in class. In addition to course material, I will be posting announcements and sending e-mails via blackboard. You are expected to check blackboard at least once before each class. You are also expected to check your NYU e-mail regularly.

Financial calculator: A financial calculator is required for this class. Any *financial* calculator is acceptable; however, the **Texas Instruments BAII Plus** will be used for instructional purposes. Either Advanced or Professional will do. *If you choose to use a different calculator, you will have to learn how to use it yourself.*

Course Prerequisites

C15.0002 Foundations of Financial Markets

Course Requirements, Grading

You are expected to read assigned chapters before they are covered in class. Even if the material is not clear, prior exposure will familiarize you with the terminology and allow you to focus on understanding the concepts discussed during class.

Attendance is required. Lectures will help you to better understand concepts introduced in the assigned readings. In addition, material covered in class will not always follow the format of the book and will include extra information that will appear on exams. I will be showing video clips in class that will not be available on the web.

You are responsible for all information and announcements covered in class. *If you are late or unable to attend class, it is your responsibility to obtain missed information from other students.*

Your grade will be derived as follows:

Grade distribution

5%	Class Participation
15%	Homework and Cases
15%	Project
25%	Midterm Exam
40%	Final Exam

Following departmental guidelines, the course will be graded on the following curve.

A	10%
A-	10% to 15%
B+	10%
B and B-	50% to 60%
C+, C, C-, D and F	10% to 15%
IP and IF	No more than 5%

I do not have control over the curve. The grading standards of the finance department are posted on the following link: http://w4.stern.nyu.edu/finance/academic.cfm?doc_id=4007

Your grades will be posted on Blackboard. It is your responsibility to check if the grades posted on blackboard are correct within 3 weeks of grade posting. If you notice a mistake on Blackboard, you have to present graded hard copy of your assignment or exam to have the grade corrected. No corrections will be made without graded hard copies.

Class Participation

Class participation is strongly encouraged.

Homework

You are encouraged to work on the homework problems in groups and submit a group answer. Each student in the group will receive the same grade and should be ready to be tested on the homework problems. Homework due dates will be announced in class and on Blackboard. Homework problems will NOT be accepted after the class period in which they are due. No makeups of homework problems will be allowed.

Two Harvard Business School cases will be used to apply the concepts of cost of capital and capital budgeting. The following two cases must be purchased at the bookstore:

Case Studies

- Harvard Business School (HBS) Case Study: The Super Project
- Harvard Business School (HBS) Case Study: Marriot Corporation: The Cost of Capital

Project

The project involves the analysis of company's performance and valuation of its securities. Project details will be posted on Blackboard and distributed in class.

You are strongly encouraged to work on the project and the cases *in groups*.

No electronic submissions of homework or other assignments are allowed.

Exams

Tests will consist of multiple choice questions and problems. The content for exams will focus on class lecture/discussion and assigned homework. Inputs used in any calculation must be provided on the exam copy to receive credit. Partial credit will be given for correct procedures even if an error is made early in the problem. The process is graded; therefore, providing only the correct answer will be worth very little credit. No make-up exams will be allowed. If you miss the midterm, 65% of your final grade will be derived from the grade on the final exam. Do not miss the final!

Cheating will be punished with (at the minimum) a failing grade for the course.

Important Dates

Tuesday, January 16, 2007– first day of classes

Thursday, February 22, 2007 – MIDTERM EXAM

Tuesday, March 13, 2007 and Thursday, March 15, 2007– no class (SPRING BREAK)!

Thursday, April 26, 2007 – last day of classes!

Course Schedule

Below is the list of topics and readings for each topic. To make sure students have a clear understanding of where we are, at the end of each week I will post an announcement on the Blackboard detailing what has been covered in class, what is going to be covered next, and what is due and when. For each topic I will be posting reading packets on Blackboard. Check Blackboard regularly!

Table 1: List of Topics

Topics	Homeworks and Assignments
1 Introduction to corporate finance RWJ Chapter 1: Introduction to corporate finance	Homework 1
2 Financial statement analysis and cash flows RWJ Chapter 2: Financial Statements, Taxes and Cash Flows RWJ Chapter 3: Working with Financial Statements	
3 Discounted cash flow valuation (the time value of money) RWJ Chapter 5: Introduction to valuation: the time value of money RWJ Chapter 6: Discounted cash flow valuation	Homework 2
4 Bonds and their valuation RWJ Chapter 7: Interest rates and bond valuation	Homework 3
5 Stocks and their valuation RWJ Chapter 8: Stock valuation RWJ Chapter 12: Some lessons from capital market history RWJ Chapter 13: Return, risk and security market line	Homework 4
6 The cost of capital RWJ Chapter 15: Cost of capital	Homework 5
Project <i>Firm valuation</i>	<i>Analyst report</i>
7 Financial leverage and capital structure policy RWJ Chapter 17: Financial leverage and capital structure policy	Homework 6
Case <i>Cost of capital for the firm and its divisions</i>	<i>Marriott Case</i>
8 Capital budgeting RWJ Chapter 9: Net present value and other investment criteria RWJ Chapter 10: Making capital investment decisions	Homework 7
Case <i>Capital budgeting and cash flow estimation</i>	<i>The Super Project Case</i>
9 Project risk analysis RWJ Chapter 11: Project analysis and evaluation	Homework 8