



Syllabus MGT 623-WS

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Office Hours

Day and Time: Tuesday and Thursday from 9:30:AM to 10:30:AM

Fri from 10:00 AM to 11:00 AM, Other Times by Appointment

Textbooks

Principles of Managerial Finance, by Lawrence J. Gitman, Eleventh Edition, Addison-Wesley, 2003.

Merrill Lynch, **How to Read a Financial Statement** (on Web Ct)

Course Objectives:

This course is designed as a survey course for students in a graduate management program. We will begin with a general overview of financial statements and then go into more detail about financial concepts, financial instruments and techniques used in financial decision-making.

The main objectives of this course are to introduce you to the:

- world of finance. Anyone involved in the management of a business needs to have a basic knowledge of business finance and
- basic financial concepts such as the time value of money, asset valuation, and risk and return.

Among the topics covered in this course will be financial statement analysis, the time value of money, risk and return, investment valuation, capital budgeting, the cost of capital and leverage.

At the end of this course you should have a grasp of basic finance principles including the ten financial axioms that appear below. This understanding will enable you to better appreciate financial issues and apply them to your work and personal decision-making.

Teaching Pedagogy

This on-line course will consist of reading assignments, powerpoint slides to clarify and emphasize key points in the readings, and demonstration problems. Each week you will complete a chapter and submit the homework assignments. These assignments will be graded for completeness and effort. Correctly solving the problems is less important than making a good effort to capture the key chapter concepts.

Solutions will be due on Thursday at Midnight. Unfortunately, late solutions will not get credit. Solutions will be posted by noon on Friday. You may use the discussion feature of Web CT to help each other complete homework. However copying another's homework is not permitted. The lowest two homework grades will be dropped.

A sample exam is available covering important concepts that may be covered on the exam you take. Sample exam answers will not be provided. The class should arrange to compare their sample exam answers. If there are individual questions that a group can not agree on, I will be happy to explain.

Ten Financial Management Axioms by Keown, Martin, Petty and Scott

- 1) Risk - return trade-off - We won't take on additional risk unless we expect to be compensated with additional return
- 2) Time value of money – A dollar received today is worth more than a dollar received in the future
- 3) Cash - not profits - is king
- 4) Incremental cash flows – It's only what changes that counts
- 5) The curse of competitive markets – Why it's hard to find exceptionally profitable projects
- 6) Efficient capital markets – The markets are quick and the prices are right
- 7) The agency problem – Managers won't work for the owners unless it is in their own best interest
- 8) Taxes bias business decisions
- 9) All risk is not equal - Some risk can be diversified away and some cannot
- 10) Ethical behavior is doing the right thing, and ethical dilemmas are everywhere in finance

Grading Requirements

Submitted homework, Case Study (Chs 1-3) and on-line Participation	20%
Exam 1	40%
Exam 2	<u>40%</u>
	100%

Course Outline:

See the course schedule for specific assignments and due dates.

Week 1. 2. Financial Statements and Analysis
Week 2. 3. Cash Flow and Financial Planning
Week 3. 4. Time Value of Money
Week 4. 5. Risk and Return
Week 5. 6. Interest Rates and Bond Valuation
Week 6. 7. Stock Valuation

Week 7. Exam 1 Chapters 4-7

Week 8. 8. Capital Budgeting Cash Flows
9. Capital Budgeting Techniques
Week 9. 10. Risk and Refinements in Capital Budgeting
Week 10. 11. The Cost of Capital
Week 11. 12. Leverage and Capital Structure
Week 12. 13. Dividend Policy
Week 13. Exam 2 Chapters 8 - 13

Course Material:

Class schedule

Weekly to dos

Lecture powerpoints with narration

Solutions to demo problems

Student Ethical Conduct

The following statement is printed in the Stevens Graduate Catalog and applies to all students taking Stevens courses, on and off campus.

“Cheating during in-class tests or take-home examinations or homework is, of course, illegal and immoral. A Graduate Academic Evaluation Board exists to investigate academic improprieties, conduct hearings, and determine any necessary actions. The term ‘academic impropriety’ is meant to include, but is not limited to, cheating on homework, during in-class or take home examinations and plagiarism.”

Consequences of academic impropriety are severe, ranging from receiving an “F” in a course, to a warning from the Dean of the Graduate School, which becomes a part of the permanent student record, to expulsion.

Consistent with the above statements, all exams **MUST** contain the following signed statement before they can be accepted for grading.

I pledge on my honor that I have not given or received any unauthorized assistance on this assignment/examination. I further pledge that I have not copied any material from a book, article, the Internet or any other source except where I have expressly cited the source.

Signature _____

Date: _____