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### FIN 429.02: Financial Management I

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**The University of Montana  
School of Business Administration  
Department of Accounting and Finance**

**Course:     Fin 429: Financial Management I**

Professor: Bruce A. Costa, Ph.D.

Semester: Fall 2003

Section: 01: Tu Th 8:10 - 9:30   GBB L11

          02: Tu Th 9:40 - 11:00   GBB L11

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Email: bruce.costa@business.umt.edu

Office Hrs:   Tu Th 11:00 to 12:30,  
other times available by appointment.

Web page: <http://www.business.umt.edu/faculty/Costa/default.asp>

Teaching Assistant: Christie Page

Office: GBB 348

Phone: 243-5881

Office hours: TBA

Email: TBA

**Text Books:**

E.F. Brigham, and P.R. Daves, Intermediate Financial Management, 8th Edition, South-Western 2003. (Required)

Wall Street Journal & BusinessWeek (Both are strongly recommended and highly encouraged)

**Course Objective:**

This course is typically the first part of a two part senior level course in Financial Management. This course examines theory and techniques of Corporate Financial Management. In this first course we will concentrate on Financial Analysis, Long and Short Term Financial Planning, and Capital Budgeting. This course is heavily case and technology oriented. Students will be required to develop spreadsheet models and use these spreadsheet models in analyzing several cases and assigned problems.

There are two parts to solving almost any financial management problem. First is the analysis. By developing comfort with spreadsheet modeling, students will be able to analyze data more efficiently and effectively. Second, and more important, are the interpretation, conclusions and recommendations that come from our analysis. By increasing proficiency in analyzing data, students will be able to spend more time developing their conclusions and recommendations

### **Exams, Spreadsheets, and Cases:**

|                             |     |   |
|-----------------------------|-----|---|
| Exams (3)                   | 50% | (Best exam is 20%; other 2 are each 15%.) |
| Spreadsheet Assignments (4) | 24% | (Each worth 6%)                           |
| Cases (2)                   | 26% | (Each worth 13%)                          |

### **Exams**

Exam format will consist of multiple choice, short-answer questions and problems. Exam questions will be closely related to assigned problems, case work and spreadsheet assignments.

### **Spreadsheet problems:**

There will be 4 spreadsheet homework assignments. Each spreadsheet problem will be an individual assignment. You are encouraged to work together to solve the problems. These problems will require you to develop models to analyze different financial problems.

### **Cases:**

We will complete 2 case studies during the semester. Each case will involve several questions. Cases are individual assignments, however like the spreadsheet problems you may work together to complete the assignment. All work turned in must be your own.

### **Assigned Problems**

These are questions and problems from the text that I think you should be able to complete for test purposes. Assigned problems will be collected the next class period after they are discussed in class and will factor into any curve given on the next exam.

### **Collected Assignments:**

All answers must be typed!!! Handwritten responses will not be accepted. Answers must be well organized. I reserve the right to reject any assignments that are disorganized or sloppy. Staple pages together (Do not fold, use paperclips or tear corners).

One of the most important skills you can gain is the ability to write accurate and well-organized reports or responses. In business, sloppiness will not be tolerated. I will deduct up to 25% for disorganized and sloppy responses.

**Assignments are due in class (YOUR SECTION).** Any assignment not turned into me in the appropriate class period will be penalized 10% and 10% for each additional day it is late. Assignments more than 3 days late will not be accepted!!

Any assignments turned in under my door, (unless received by me before Section 1 meets, 8:10 AM) will be counted as late.

### **Attendance:**

I can not overstate the importance of regular attendance. If you feel that you will not be able to attend class regularly, then this is not the course for you. Even though I post the notes on the web, you will still need to be in class to learn the material. While I will not take attendance on a regular basis, I will occasionally take attendance to see who is in class. I will also use this record of attendance to compute how much of the final curve at the end of the semester you will receive along with any curve on each exam.

For example, say the curve at the end of the semester is 1.6 points and I took attendance 4 four times during the semester. If you signed the attendance roll four times you would get 1.6 points added on to your final average. If you were here only twice when I took attendance you would get  $(2/4) * 1.6 = 0.8$  points added to your final grade. I reserve the right to take attendance as often as I choose and the final curve if any, is solely at my discretion.

### **Classroom Philosophy:**

**My Role:** My role will be to act as a facilitator. I will provide opportunity, structure and direction to facilitate your learning of fundamental concepts centered on the concepts of financial management. I will also provide you opportunities to begin developing skills and experience useful to a teamwork approach utilized in many of today's corporations.

**Your Role:** Your role is to engage in active learning, both individually and in teams. You will learn and apply important financial concepts while you gain experience working collaboratively with others in a team environment. Your success in this class, as in life, will depend on both your effort and performance.

**Miscellaneous:** Students frequently regard this course and finance courses in general as some of the most difficult ones in the business curriculum. There are several tips that I can offer to not only help you pass this course but to learn something along the way. **First, come to class---** there is a very strong relationship between attendance and grades. **Second,** read the chapters and prepare answers to the assigned problems **before** coming to class. **Third,** it is impossible to make sure every individual understands each concept. If you are struggling with a concept, please come see me

outside of class. Please, **do not wait** to see me until just before, or worse, just after an exam. At this point it is too late to do much if any good. Finally there are no dumb questions, so feel free to ask for clarification. I maintain an open door policy and am willing to meet with you nearly anytime that I do not already have a commitment

**A Final Thought:**

Over 2400 years ago Confucius said:

What I **hear**, I forget.

What I **see**, I remember.

What I **do**, I understand.

A wise and humble professor of mine at FSU modified Confucius' statement to be more relevant in today's classroom environment:

What I **hear**, I forget.

What I **hear and see**, I remember a little.

When I **hear, see, and ask questions about or discuss** with someone else, I begin to understand.

When I **hear, see, discuss, and do**, I acquire knowledge and skill.

When I **teach to another** I master.

Our goal is to learn. Let us all remain cognizant of how the process really works.

***The faculty and staff of the School of Business Administration at  
The University of Montana-Missoula are committed to excellence  
in innovative experiential learning and professional growth  
through research and service.***

### **Upcomming Events:**

Thursday, September 4th Fall Student Employment Job Fair  
EARN while you LEARN - On and Off Campus Employers  
UC Ballroom • 10 am - 3 pm

**Thursday, September 4th Ask-an-Alum Career Leadership Luncheon**  
Join us and...hear how important it is to be involved on campus or in the community; how skills gained from student employment positions, extra-curricular activities, internships, & volunteer opportunities are applicable to professional lives after graduation; meet & network with local alumni.  
UC Room 330-331 • noon - 1 pm

**September 22nd - 25th Career Services Workshop Series**  
Gain useful knowledge & skills regarding: resumes & cover letters, job search strategies and interviewing.  
Lommasson Center 154 • 4:30 pm - 6 pm

**Wednesday, October 1st 15th Annual Big Sky Career Fair**  
Meet & talk to recruiters from local, regional and national companies. Explore full-time employment and internship opportunities.  
UC 3rd Floor • 9 am - 3 pm

The following course schedule is an outline that we will follow throughout the semester. It is subject to change and you should not assume that it is written in stone!

**Fin 429 Financial Management I**  
**Course Schedule Fall 2003 - Rev. 8-11-03**

| <b>Week</b> | <b>Date</b> | <b>Day</b> | <b>Topic</b>   | <b>Book<br/>B&amp;D</b> | <b>Assignment</b>                    | <b>Spreadsheet<br/>problems</b> |
|-------------|-------------|------------|--|-------------------------|--------------------------------------|---------------------------------|
| 1           | 02-Sep-03   | Tuesday    | <b>Introduction - Course Outline</b>   | Chap. 1                 | Chap. 1 Q: 1, 3, 4, & 5              |                                 |
|             | 04-Sep-03   | Thursday   | <b>Risk and Return</b>   | Chap. 2                 | Chap. 2 Q: 2,3,4, & 6<br>P:1-13 & 15 |                                 |
| 2           | 09-Sep-03   | Tuesday    | <b>Risk and Return (cont)</b>  | Chap. 2                 |                                      | Problem 2-17 assigned           |
|             | 11-Sep-03   | Thursday   | <b>Bond Valuation</b>  | Chap. 4                 | Chap. 4 P 1-13, 15-18                |                                 |
| 3           | 16-Sep-03   | Tuesday    | <b>Bond Valuation (cont)</b>   | Chap. 4                 |                                      | Problem 2-17 due                |
|             | 18-Sep-03   | Thursday   | <b>Stock Valuation</b>   | Chap. 5                 | Chap. 5 P 1-16, 18, & 20             | Problem 5-22 assigned           |
| 4           | 23-Sep-03   | Tuesday    | <b>Stock Valuation (cont)</b>  | Chap. 5                 |                                      |                                 |
|             | 25-Sep-03   | Thursday   | <b>Acct'g for Financial<br/>Management</b>                                     | Chap. 6                 | Chap. 6 P 1-3, 5-12, 14,<br>15, & 18 |                                 |
| 5           | 30-Sep-03   | Tuesday    | <b>Review/catch-up</b>   |                         |                                      | Problem 5-22 due                |
|             | 02-Oct-03   | Thursday   | <b>Exam 1</b>  | Chaps. 1, 2, 4, & 5     |                                      |                                 |
| 6           | 07-Oct-03   | Tuesday    | <b>Acct'g for Financial<br/>Management</b>                                     | Chap. 6                 |                                      |                                 |
|             | 09-Oct-03   | Thursday   | <b>No Class</b>  |                         |                                      |                                 |
| 7           | 14-Oct-03   | Tuesday    | <b>Analysis of Financial<br/>Statements (cont)</b>                             | Chap. 7                 | Chap 7 P 1-12(a & b only)            | Problem 7-17 assigned           |
|             | 16-Oct-03   | Thursday   | <b>Analysis of Financial<br/>Statements</b>                                    |                         |                                      |                                 |
| 8           | 21-Oct-03   | Tuesday    | <b>Finacial Planning &amp;<br/>Forecasting Financial<br/>Statements</b>        | Chap. 8                 | Chap 8 P 1-4, 7 & 9                  |                                 |
|             | 23-Oct-03   | Thursday   | <b>Finacial Planning &amp;<br/>Forecasting Financial<br/>Statements (cont)</b> | Chap. 8                 |                                      | Problem 7-17 due                |

**Fin 429 Financial Management I**  
**Course Schedule Fall 2003 - Rev. 8-11-03**

| <b>Week</b> | <b>Date</b> | <b>Day</b> | <b>Topic</b>                           | <b>Book<br/>B&amp;D</b> | <b>Assignment</b>                        | <b>Spreadsheet<br/>problems</b> |                   |
|-------------|-------------|------------|--|-------------------------|--|---------------------------------|-------------------|
| 9           | 28-Oct-03   | Tuesday    | <b>Cost of Capital</b>                 | Chap. 9                 | Chap 9 P 1-13, & 16                      | Problem 9-18 assigned           |                   |
|             | 30-Oct-03   | Thursday   | <b>Cost of Capital (cont)</b>          | Chap. 9                 |  |                                 |                   |
| 10          | 04-Nov-03   | Tuesday    | <b>Cost of Capital (cont)</b>          |                         |  |                                 |                   |
|             | 06-Nov-03   | Thursday   | <b>Review/Catchup</b>                  |                         |  |                                 |                   |
| 11          | 11-Nov-03   | Tuesday    | <b>No Class</b>                        |                         | Vet's Day                                | Problem 9-18 due                | Case 1 passed out |
|             | 13-Nov-03   | Thursday   | <b>Exam 2</b>                          | Chaps. 6-9              |  |                                 |                   |
| 12          | 18-Nov-03   | Tuesday    | <b>Capital Budgeting</b>               | Chap. 11                | Chap 11 P 1-6, 8, 11(a-c only), 16, & 18 |                                 |                   |
|             | 20-Nov-03   | Thursday   | <b>Capital Budgeting</b>               | Chap. 11                |  |                                 |                   |
| 13          | 25-Nov-03   | Tuesday    | <b>Capital Budgeting</b>               | Chap. 11                |  | Case 1 due                      | Case 2 passed out |
|             | 27-Nov-03   | Thursday   | <b>Thanksgiving - No Class</b>         |                         |  |                                 |                   |
| 14          | 02-Dec-03   | Tuesday    | <b>Capital Budgeting (cont)</b>        | Chap. 11                | Chap 12 P 1-9                            |                                 |                   |
|             | 04-Dec-03   | Thursday   | <b>Estimating Cash Flows</b>           | Chap. 12                |  |                                 |                   |
| 15          | 09-Dec-03   | Tuesday    | <b>Estimating Cash Flows (cont)</b>    | Chap. 12                |  |                                 |                   |
|             | 11-Dec-02   | Thursday   | <b>Review/catch-up</b>                 |                         |  | Case 2 due                      |                   |
| 16          | 17-Dec-02   | Tuesday    | <b>Final Section 01, 10:10 - 12:10</b> | Chaps. 11-12            |  |                                 |                   |
|             | 19-Dec-02   | Thursday   | <b>Final Section 02, 3:20 - 5:20</b>   | Chaps. 11-12            |  |                                 |                   |