

## Introductory Financial Management

Spring 2009

Consortium International University

Paderno del Grappa

**Instructor:** Roger Chope  
Portland State University  
E-mail: rchope@pdx.edu

**Text:** Fundamentals of Corporate Finance, 8<sup>th</sup> edition, by Ross, Westerfield, and Jordan, McGraw-Hill Irwin, 2009.

**Course Objectives:** This course focuses on the decisions that a financial manager makes in the course of running the financial operations of the business. These decisions generally are of three types:

- Capital budgeting – deciding what long-term investments the company should take on. What sort of buildings, machinery, and equipment will be necessary to accomplish the firm's strategic objectives?
- Capital structure – deciding how to pay for these long-term investments. Should the firm issue debt instruments or sell stock? How and when should the money be raised?
- Working capital management – deciding how to manage the short-term assets and liabilities of the firm. How will the firm meet its short-term cash needs?

The course is designed as a foundation for those who are going to study more finance as well as those who will pursue other areas of study but need to understand what function finance plays in operating a business.

**Class structure:** Class sessions will be a combination of lecture, discussions, problem-solving and short case analysis. I will assign homework problems for each chapter, and generally I will not collect it. I will approach homework in class by asking if there are any questions on the assigned problems. You may be asked to share your solutions with the class. If this does not seem to be working, I reserve the right to collect homework and grade it.

**Exams:** There will be three exams: two midterms and a final. The format of the exams will be mostly problems, with a few short essay questions. The problems will resemble those assigned for homework, and the essays will mirror discussions we had in class.

**Grades:** Grades will be based on an accumulation of total points allocated approximately as follows:

Midterm #1	100
Midterm #2	100
Final Exam	150
Quizzes, homework, etc.	<u>50</u>
Total	<u>400</u>

Class participation will be used to resolve borderline grades.

Course grades will be distributed according to the recommended guidelines of the Finance Department at the University of Iowa, which is approximately 25% A's, 35% B's, 30% C's and 10% D's and F's. Plus and minus will be used.

**Attendance:** Please make yourself aware of the CIU attendance policy. You are expected to attend every class, and there are explicit penalties for failing to do so.

**Academic Conduct:** Since the purpose of exams is to measure individual achievement, exams are to be taken without assistance from others, and you will be asked to sign a statement to that effect on the front of all exams. Homework, on the other hand, is an opportunity for you to use the learning technique that works best for you – either working on your own or with others. Remember that you are responsible for being able to explain the results of your work even if it was a group effort.

**Accommodating Disabilities:** If you have a disability that may require some modification of seating, testing, or any other class requirement, please let me know as soon as possible so that appropriate arrangements can be made.

**Tools:** You will need to have a financial calculator for this course. Some suggestions are Texas Instruments BA II Plus, Sharp EL-733A, or HP 10BII. Use the one you are most familiar with, and bring the instructions to Italy with you.

**Schedule:** The following schedule is tentative. Its purpose is to show topic coverage. A more detailed schedule including exact meeting times and assigned problems will be available on the first day of class.

**Tentative Schedule:**

Class	Topic	Chapter
1	Introduction to Corporate Finance	1
2	Financial Statements	2
3	Financial Statement Analysis	3
4	Planning and Growth	4
5	Midterm #1	
6	Valuation and the time value of money	5, 6
7	Valuing Bonds	7
8	Valuing Stocks	8
9	Capital Budgeting	9
10	Capital Budgeting	10
11	Risk and Return	12
12	Investments	13
13	Midterm #2	
14	Cost of Capital	15
15	Raising Capital	16
16	Financial Leverage	17
17	Dividends and Dividend Policy	18
18	Short-term Financing	19
19	Cash and Inventory Management	20,21
20	Final Exam Review	

Final exam

