

California Polytechnic State University  
Orfalea College of Business

**GSB 531: Managerial Finance**

Winter 2012

Course Outline ( 4 pages )

**Instructor:** Dr. Bing Anderson  
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**Lecture Hours:** Tu/Th 12:10 – 2:00 PM,  
**Office Hours:** Wed. 10:00 AM – 12:30 PM, or by appointment  
**Prerequisites:** GSB 511  
**Class Web Page:** <http://www.calpoly.edu/~bianders/>

**REQUIRED TEXTBOOK:**

Fundamentals of Corporate Finance, 9<sup>th</sup> Edition, Ross, Westerfield, and Jordan, 2010.

**COURSE DESCRIPTION/OBJECTIVE:**

This course attempts to provide an introduction to the theories, practices, and tools of finance. We start with the time value of money and asset valuation. Then, we apply these to the valuation of bonds and stocks, and study the trade-off between risk and return. The managerial aspect of finance is emphasized by a discussion on capital budgeting and capital structure. Other aspects of finance, such as financial derivatives and international financial management, will also be introduced throughout the course. Pedagogical style will be a combination of lectures, practical examples, problems, and possibly current or past event discussions.

## **GRADING DISTRIBUTION:**

Midterm Exam I	22%
Midterm Exam II	22%
Participation	15%
Final Exam	41%

### **Midterm Exams (22% each, or 44% in total)**

The midterms will be closed-book exams. Only non-programmable calculators can be used during the exam. They will be in class, tentatively on Feb. 2 and Feb. 23, for 90 minutes each.

### **Participation (15%)**

Participation grades will be assigned entirely at the discretion of the instructor, and will be based on a variety of components including *attendance, attitudes, contribution to class discussions, quality of the contribution, respect for learning and the learning environment*, etc.

### **Final Exam (41%)**

The final exam will also be closed-book. Again, only non-programmable calculators can be used during the exam. The final exam will cover the entire course.

### **Make-up Exams**

No make-up exams will be given without prior consent of instructor and documentation to show why the exam cannot be taken at the scheduled time. In the rare cases of genuine emergencies, documentation must be submitted to and approved by the Finance Area office and the Dean's office. A 10% penalty will be automatically applied to any grades earned from make-up exams.

## **FINANCIAL CALCULATOR:**

A financial calculator is required. Either **Texas Instruments BA II Plus** or **Hewlett-Packard 10B II** will work. Programmable calculators are not recommended, as they are not allowed in the exams.

## **COMMUNICATION PROTOCOL:**

We will use the class web site for most of the handouts: announcements, lecture notes, etc.

Email is probably the best way to ask questions besides office hours. However, because it is not a way to communicate face-to-face, clarifying details via email causes delays. So, please try to be specific about the details when asking a question via email.

During the lecture, if there is anything unclear to you, please raise a question immediately. In most cases, if time permits and the question is representative enough, I will answer it right away. Otherwise, I might defer it to after class or during office hours. However, no question is ever a bad question, and your every bit of effort in learning and inquiry is welcomed.

## **COURSE CONTENTS AND TENTATIVE SCHEDULE:**

<b>DATE</b>	<b>CHAPTER</b>	<b>TOPIC</b>
Jan. 3		Introduction
Jan. 5	Ch. 5	The Time Value of Money
Jan. 10	Ch. 6	Discounted Cash Flow Valuation
Jan. 12	Ch. 6	Discounted Cash Flow Valuation
Jan. 19	Ch. 7	Interest Rates and Bond Valuation
Jan. 24	Ch. 7	Interest Rates and Bond Valuation
Jan. 26	Ch. 8	Stock Valuation
Jan. 31	Ch. 8	Stock Valuation
Feb. 2		Midterm I
Feb. 7	Ch. 9	NPV and Other Investment Criteria
Feb. 9	Ch. 9	NPV and Other Investment Criteria
Feb. 14	Ch. 13	Return, Risk, and the SML
Feb. 16	Ch. 13	Return, Risk, and the SML
Feb. 21	Ch. 14	Cost of Capital
Feb. 23		Midterm II
Feb. 28	Ch. 16	Financial Leverage and Capital Structure Policy
Mar. 1	Ch. 16	Financial Leverage and Capital Structure Policy
Mar. 6		Financial Derivatives
Mar. 8	Ch. 21	International Corporate Finance