

Fall 2018
Indiana University Bloomington
School of Public and Environmental Affairs
V361 - Financial Management - Section 4046
Syllabus

Instructor: Felipe A. Lozano R.
Office: SPEA 412
Office hours: Monday, 9:30 am – 10:45 am (email me the day before up to 5pm)
Contact information: Use Canvas messages.
Only in case of an emergency use your IU email account to write to (flozanor@indiana.edu). If you do so you might get a delayed reply. If you use a different email account, your email will be disregarded.

About the Course

Class meeting days and times: Monday and Wednesday 8:00 am to 9:15 am
Class location: PV277
Course prerequisites and co-requisites: At least 2 years of High School Algebra. SPEA-V 246 or BUS-A 201 (introductory accounting).
Required texts and materials: Ross, S. A., Westerfield, R., & Jordan, B. D. (2013). Fundamentals of Corporate Finance. McGraw-Hill Education.
12th edition ISBN: 978-9339203122
11th edition ISBN: 978-0-07-786170-4
10th edition ISBN: 978-0-07-803463-2 (Standard edition)
Canvas and other website information: FA18-BL-SPEA-V361-4046 (Canvas class name)

Course Goals and Learning Outcomes

Course description: This course presents the basic theory of financial management and its application to short- and long-term financing decisions by managers. The theory relates business financial decisions to the pricing of securities in capital markets. The objective of the private firm is to maximize the market value of the firm's equity securities (common stock). This is accomplished through a rational approach to the firm's investments, capital structure, and dividend decisions. The link between corporate financial decisions and capital market prices is explored in

conceptually realistic conditions where outcomes are not known with certainty and there are limitations to investor information.

Course goals: By the end of the semester my students will be able to compare and evaluate investment projects that arise in their daily lives as well as in real firms and corporations, at a basic level, applying the appropriate tools and jargon of finance, as well as its relevance for policy.

Learning outcomes: Your objectives should be to learn the basic concepts and nomenclature; to employ the basic language of finance; to apply the basic concepts in a sensible manner; and to make relatively straightforward, but useful computations in an intelligent way. Governmental finance administrators increasingly interact with the private capital markets when they make short- and long-term investments of public funds (including but not limited to cash balances), manage public employee pension systems, and place governmental debt for capital projects. As such, the material covered in this course should be regarded as “required knowledge” for the mid- to senior-level career public finance administrator.

At the end of the semester you should be able to:

- Evaluate the financial conditions of a firm and of a given investment proposal by implementing the tools and concepts of financial analysis.
- Assess how financial information is related to production of goods and services in firms in the real world.
- Compare and evaluate different financing options firms have, to promote and make viable their activities
- At a basic level, assess how policy and the regulatory environment affect firm and investment decisions.
- Convey financial information in an appropriate and appealing way supportive to the role of the firm in general and to investment projects in particular.

Other specific learning objectives are listed at the beginning of each text chapter.

Course Policies: Expectations for Students

Classroom Civility: Please no laptops, no cell phones or text messaging during class sessions. Your laptop as well as the web should only be used as a course resource and to assist with outside of class activities, but not during class time. If you cannot abide by this policy I will ask you to leave the classroom. This will impact the points accumulated for your class participation, and ultimately your final grade.

Civility is important in an academic community to ensure that all parties—students, staff, and faculty—are working in an environment that fosters achievement of the individual’s and community’s goals and objectives. Civility requires all parties to demonstrate personal integrity and conduct themselves in a manner that shows respect, courtesy and tolerance to others. Examples of discourteous behaviors during class include reading the newspaper, listening to headphones, talking or laughing with others, chronically arriving late, and so forth. These behaviors are

distracting to the instructor and classmates, and SPEA faculty will address these problems as they arise. Maintaining and fostering civility inside and outside the classroom is especially important to SPEA, which is a professional school.

Pursuant to the Indiana University Student Code of Conduct, disorderly conduct which interferes with teaching, research, administration, or other university or university-authorized activity will not be tolerated and will be immediately reported to the Office of The Dean of Students for appropriate disposition which may result in disciplinary action including possible suspension and/or expulsion from the university.

Plagiarism: Plagiarism is defined as presenting someone else's work, including the work of other students, as one's own. Any ideas or materials taken from another source for either written or oral use must be fully acknowledged, unless the information is common knowledge. What is considered "common knowledge" may differ from course to course.

- a. A student must not adopt or reproduce ideas, opinions, theories, formulas, graphics, or pictures of another person without acknowledgment.
- b. A student must give credit to the originality of others and acknowledge indebtedness whenever:
 1. directly quoting another person's actual words, whether oral or written;
 2. using another person's ideas, opinions, or theories;
 3. paraphrasing the words, ideas, opinions, or theories of others, whether oral or written;
 4. borrowing facts, statistics, or illustrative material; or
 5. offering materials assembled or collected by others in the form of projects or collections without acknowledgment

(Exact extract from the Code of Student Rights, Responsibilities, and Conduct, Part II, Student Responsibilities, Academic Misconduct, G section).

Accommodation for Individuals with Disabilities: Indiana University is committed to creating a learning environment and academic community that promotes educational opportunities for all individuals, including those with disabilities. Course directors are asked to make reasonable accommodations, upon request by the student or the university, for such disabilities. It is the responsibility of students with documented physical or learning disabilities seeking accommodation to notify their course directors and the relevant campus office.

SPEA Academic Policies: SPEA faculty do not tolerate cheating, plagiarism, or any other form of academic dishonesty. If you have not done so, you should read the IUB Code of Student Rights, Responsibilities, and Conduct, which can be accessed at <http://dsa.indiana.edu/Code/>.

Communication between Faculty and Students: You should contact me through Canvas messages. Only in case of an emergency and when Canvas is not working you can send me an email from your Indiana University email account. If you do so you might get a delayed response. If you use a different email account, your mail will be disregarded.

Course Withdrawals: The last day to drop a course with an automatic grade of W is Sunday, October 21. After this date, a student may withdraw only with the permission of his/her dean. This approval is normally given for urgent reasons related to extended illness or equivalent distress.

Incomplete: A grade of incomplete (I) indicates that a ‘substantial portion’ of the work in a course has been satisfactorily but not entirely completed by the student as of the end of the semester. The incomplete can be given to a student facing a hardship such that such that it would be unjust to hold the student to the established time limits for completing the work. To be eligible for the incomplete in a SPEA course, the student’s work must be of passing quality, and the student must have completed 75% of the course requirements. Poor performance in a course is not grounds for an incomplete. SPEA follows the campus guidelines¹ in awarding incompletes. Incompletes must be removed within a time period not to exceed one year after the semester in which the student was enrolled in the course. The incomplete will revert to an ‘F’ if the work is not completed within the allotted timeframe established by the instructor.

Final Exam Schedule: A final exam is given in this class, and according to Indiana University policy, it must be held on the day and time set by University policy in the final exam schedule. Students who have more than three final exams in one day or insufficient time to get from one exam to another should consult with their instructors to resolve these conflicts. Exams may not be given in the week before the final exam week. If a student is not able to resolve a final exam problem with the instructor, the student may report the problem to the Director of Undergraduate or Graduate programs. See the Office of the Registrar’s website at <http://enrollmentbulletin.indiana.edu/pdf/spring-exam-schedule.pdf> for the final exam week schedule for Fall 2018.

Prerequisite Course and Time Commitment: The prerequisite for this course is SPEA-V 246 or BUS-A 201 (introductory accounting). If you somehow enrolled in this course without passing one of these two courses (or equivalent), please send me a Canvas message as soon as possible. In addition to accounting, students are presumed to have a solid understanding of high school algebra, including the ability to solve systems of equations, use logarithms, exponents, and nth roots. If your algebra skills are lacking, you should expect to spend considerable extra time on assignments as you work to remaster the math.

General guidelines for college courses indicate that you should spend 2-3 hours outside of class each week for every one credit hour (3 credit-hour course = 6-9 hours per week of outside work). For a quantitative course, the workload will be on the higher end – including problem-solving and reading the textbook – if you plan to master the material and earn a top grade.

Office Hours and Receiving Help Outside Of Class: Homework help sessions are offered almost every week in the SPEA atrium (undergraduate building, second floor) and days/times are posted

¹ Available at the Office of the Registrar’s website at:

<http://www.indiana.edu/~registra/Registration/genreginfo.html#inc> (Links to an external site.)

on Canvas. These are offered in a group setting and are a great way to not only get help with assignments, but to connect with classmates. If you have a private matter (such as a question about your grade) you may also schedule an appointment during the scheduled Office Hours. Please send your request for an appointment via Canvas mail. Other help sessions may be scheduled and details will be posted on Canvas. If you need extensive one-on-one help in the course or have scheduled other activities that consistently conflict with the extra sessions, you may wish to consider a tutor. The SPEA undergraduate program office maintains a list of available tutors.

Attendance: Please understand that regular class attendance is for your benefit. Because part of the material taught in this course is not obtained from the reading material assigned, attendance is required to receive all course content.

Attendance is recorded at each class meeting. In order to receive credit for attendance – for purposes of attendance-related benefits described below – students must (1) arrive on time, (2) be present for the entire class period, and (3) sign in as instructed during the period. Stated in the negative, students will not receive full credit for attendance if they arrive late to class, leave before the class period ends, or fail to sign in as instructed. “Late” is a dichotomous decision: you are either present when the class begins or you are not.

Excellent attendance will enable the student to earn bonus points, calculated as follows:

Attendance at all class meetings = 5 bonus points

One excused absence = 4 bonus points

Two excused absences = 3 bonus points

Three excused absences = 2 bonus points

There are no bonus points for more than three absences – regardless of reason.

Furthermore, excellent attendance will make you eligible for dropping the worst grades on the quizzes we arrange in class.

Participation: Sustained participation during the classroom activities and discussions is highly encouraged. Participation in class might be accounted for additional points in quizzes or assignments, at the instructor discretion to incentivize class discussions and participation.

Computer Skills: Students will be using Microsoft Excel to prepare some assignments. Computer skills, per se, are not taught in this class. University Information Technology Services (UITS) offers classes at no charge in various applications, and general computer skills. Students are urged to take advantage of these classes (especially Microsoft Excel) if computer instruction is needed. Calculator handling is not a skill recognized in the labor market, on the other hand, Microsoft Office proficiency is something you can tell employers to be more competitive. We encourage the use and development of these skills.

Late Work: Assignments and other graded activities are not accepted late. If an arrangement for making up a excused absence grade is not made, make-ups for all graded activities missed due to excused absence(s) will be administered on Friday, December 14, in a room number to be announced via Canvas if necessary.

Materials Required for Class Meetings: Please bring to each class meeting: textbook, pencil, eraser, pen, calculator, and notebook paper. Note regarding calculators: You will need a basic calculator. Text-enabled calculators (including graphing calculators), cell phones used as calculators, and sharing of calculators will not be allowed in class.

Not permitted to be used during class, unless otherwise stated: cell phones, laptop computers, other wireless communication devices.

What should you do if you miss a class?

The answer depends on why you missed the class:

Excused absences: Students requesting an excused absence will be required to complete a request form and submit appropriate documentation. **The request form is located under the “Files” tab of our Canvas site.** Note that being excused from class does not mean being excused from the material covered in class. Examples of “excused” absences include illness and family emergencies. In order to be “excused”, notification should be sent to the instructor via Canvas mail prior to the absence (wherever possible) and appropriate documentation must be submitted no later than the beginning of the class period following the absence. In other words, a Canvas message alone is not sufficient documentation. It is the student’s responsibility to make an appointment with the instructor to discuss the work that was missed. [Note that job interviews are not an excused absence.]

Students requesting to be excused from class to observe religious holidays must submit the request in writing, no later than Friday, August 31. The complete University policy is available at the following address:

https://www.indiana.edu/~vpfaa/academicguide/index.php/Policy_H-10

Unexcused absences: Students missing class for other than an excused reason are on their own. I encourage students to contact me at any time regarding clarification of material or help with assignments; however, I will not be able to personally deliver lectures to students who failed to come to class and consequently cannot do their assignments. If you intend to miss class, I suggest that you team up with a classmate to obtain a copy of class notes and handouts.

Statement on Student Dishonesty: Academic dishonesty and student misconduct are serious concerns. The procedures for handling such incidents are detailed in the “Code of Student Ethics”. Any incidence of academic or personal misconduct will result in the maximum sanction, including dismissal from the course with a grade of “F”. Grades of “F” due to academic misconduct may not be removed from the student’s transcript with IU’s grade replacement policy. Violation of any action included in the SPEA Honor Code or any course policy is included under this Statement. Specific examples include, but are not limited to, making unauthorized copies of any exam or quiz, signing an attendance roster for another student, and submitting false information regarding requests for excused absences.

Grading

Description	Points	Date
Exam #1	100	Sep 24
Exam #2	100	Oct 29
Exam #3 (final exam)	100	Final exam date
Assignments, Quizzes, & Class Activities	<u>100</u>	as assigned
TOTAL POINTS	400	

390 + → A+	348 → B+	308 → C+	268 → D+
372 + → A	332 → B	292 → C	252 → D
360 + → A-	320 → B-	280 → C-	240 → D-

- **NO** alternative exam dates will be considered. If you have a conflict with the final exam, you must notify me of the conflict, via Canvas mail, no later than October 1.
- There is **NO** extra credit available. There are bonus points offered periodically for activities during the semester and for excellent attendance. See the details under “Attendance” above.
- There is **NO** “rounding up” of points. For example, 359.99 points is a grade of “B+” and 360 points is a grade of “A-”.
- Questions or requests for regrading a specific exam or assignment must be made in writing via Canvas messages within 72 hours of the return of the graded assignment. Grades for each exam or assignment will otherwise be considered final after 72 hours.
- Assignments and other graded activities are not accepted late. Make-ups for all graded activities missed due to excused absence(s) will be administered on Friday, December 7, in a room number to be announced via Canvas if necessary.
- Please note that in this class we don’t give grades. We record the grades that you earn. If you need a certain grade to keep your scholarship, apply to a graduate school, graduate with a degree from IU, etc., then make it your priority to earn it.
- **Exams:** Exams will be graded and reviewed in class within one week of exam date, except for the final exam. Student must be present during the in-class review in order to receive detailed solutions to exam questions and to request reconsideration, if any, on the grading of a specific question. Exams will not be returned to the student. They will be retained by the instructor and are available throughout the semester for the student to examine upon request.
Missing an exam is serious business. In the rare and unavoidable event that a student misses one of the first two exams for an “excused” reason, there will be a generic, comprehensive make-up exam given during the last week of class. If a student misses the final exam for an “excused” reason, s/he will receive an Incomplete for the course.
- **Assignments and In-class quizzes and activities:** One hundred (100) points will be earned through assignments and in class-quizzes and activities. Details will be provided in class and/or via Canvas. Consequently, the actual number of points assigned to the various activities will

likely not total to 100. Therefore, final points in this category will be determined by percent earned from the total possible points. For example:

By the end of the semester, there have been 165 possible points for assignments. The student earned 148.5 of 165 possible points, so $148.5/165 = 90\%$. $90\% \times 100 = 90$ points. In-class quizzes and activities are meant to be flexible and will often be assigned in response to class performance and attention. The activities are meant to be flexible and will often be assigned in response to class performance. Their goal is to give you a space for practicing with the explanation fresh, to have a clear evaluation on your attention during class and to find your difficulties. In-Class Quizzes will be worth a fraction of the grade depending on the number of in-class quizzes we perform.

- **Canvas:** We will only utilize Canvas throughout the semester to facilitate class e-mail and other communication as needed. It is your responsibility to check this site often. If you email asking information which is available in the Canvas page you might not get a response.
- **Guidelines for online (Canvas) quiz problems:** Assignments will be delivered and submitted within Canvas. You will have unlimited time to answer each question (up to the final deadline set for each assignment). All quizzes are open book and notes and students are encouraged to work together, however each individual student must submit her/his own assignment.

It is possible (and help will be provided!) to earn all of these points. Here's a great strategy to ensure that you do. First, be sure to start early enough during the week so you can seek help if needed. With the exception of the first chapter, you will be given 3 attempts on each question. If your answer incorrectly in the first attempt, you will be shown the correct answer and receive a new (but similar) question on your next attempt. Rework the first problem until you can arrive at the correct answer before moving to the next attempt. Then, use the second attempt to try to answer the changed problem with what you learned from the previous incorrectly answered. If you cannot work out the exact correct answer of the original problem through the second attempt, STOP AND SEEK HELP. If your answer is incorrect on the third attempt, you receive no points for that question.

Note that Canvas problems will include very precise instructions for how to enter your final answer, including rounding. It is crucial that you **not** round any intermediate steps in the problems. An easy way to make sure you don't introduce rounding error into your problems is to use Excel as your calculator. This is an added benefit of giving you extra practice in using Excel.

Canvas problems can be accessed from both the "Assignments" tab and the "Quizzes" tab. Assignments are listed in alphabetical order. Quizzes are listed in order of due date. When viewing your scores in Canvas, note that the system allows the student to see two scores:

- 1) The percent correct of all assignments
- 2) The percent correct of only the assignments that the student has attempted.

The display of these two is controlled by a check box at the upper right of the "Grades" screen. Its title is: "Calculate based only on graded assignments". If checked, you get the higher score – which

ignores the problems that were not completed. The difference between the two scores is the penalty for not doing the assignments!

Class Schedule

The course schedule is listed on the next page. Please note that dates scheduled for topics and exams are tentative and may be adjusted if needed. Specific reading and homework assignments will be distributed in class and/or posted on Canvas.

SPEA V361 (4046) - Fall 18				Canvas problems due Sunday	
Week	Class No.	Date M-W	Chapter	Chapter	Due
1	1	20-Aug	1		
	2	22-Aug	1-2	1	26-Aug
2	3	27-Aug	2		
	4	29-Aug	2	2 pt 1	2-Sep
3	<i>No class</i>	3-Sep	3		
	5	5-Sep	3	2 pt 2	9-Sep
4	6	10-Sep	3		
	7	12-Sep	4	3	16-Sep
5	8	17-Sep	4		
	9	19-Sep	Review	4	23-Sep
6	10	24-Sep	EXAM 1		
	11	26-Sep	5	5	30-Sep
7	12	1-Oct	6		
	13	3-Oct	6	6 pt 1	7-Oct
8	14	8-Oct	6		
	15	10-Oct	7	6 pt 2	14-Oct
9	16	15-Oct	7		
	17	17-Oct	8	7	21-Oct
10	18	22-Oct	8		
	19	24-Oct	Review	8	28-Oct
11	20	29-Oct	EXAM 2		
	21	31-Oct	9	9 pt 1	4-Nov

SPEA V361 (4046) - Fall 18				Canvas problems due Sunday	
Week	Class No.	Date M-W	Chapter	Chapter	Due
12	22	5-Nov	9	9 pt 2	11-Nov
	23	7-Nov	10		
13	24	12-Nov	10	10	18-Nov
	25	14-Nov	11		
14	26	26-Nov	12	43416	2-Dec
	27	28-Nov	13		
15	28	3-Dec	14	13-14	9-Dec
	29	5-Dec	Review		
Final exam		Official Date	EXAM 3		