The primary focus of this course is advanced financial management. Topics to be covered include time value of money, discounted cash flow, taxes and capital investment, risk analysis, the Capital Asset Pricing Model, capital structure theory, the relationship between leverage and risk, information asymmetries, and agency problems.

**Course prerequisite:** FNAN 303


It is also recommended that you read *The Wall Street Journal* on a regular basis. In addition, during the term you may be asked to read articles in current business periodicals (e.g., Business Week).

**General Course Outline:**
- Introduction and Financial Statements
- Time Value of Money
- Security Valuation
- Principles of Capital Budgeting
- Portfolio Theory
- Cost of Capital
- Capital Market Efficiency
- Capital Structure Decisions
- Dividend Policy
- Financial Options

**Learning Goals:**

1. Our students will demonstrate an understanding of the social, global, ethical, and legal contexts of business and will be able to reflect on the role of the individual in business.

2. Our students will demonstrate an understanding of and the ability to apply knowledge of professional skills necessary for success in business including effective business writing.

3. Our students will demonstrate technical and analytic skills appropriate for success in business.

4. Our students will demonstrate an understanding of and the ability to apply knowledge of core business disciplines including accounting, finance, information systems, management, marketing, and operations management.

5. Our students will demonstrate knowledge and skills appropriate for specialization in their majors.

6. Our students will demonstrate an understanding of how research in the business disciplines contributes to knowledge and how such research is conducted.
Course Requirements and Grading:

Specific week-by-week assignments are on the attached page. While we may deviate slightly from this schedule, it provides the basic structure for the course. Course prerequisite: FNAN 303

During the term, you will be evaluated on the basis of class participation/attendance, graded homework assignments, three exams, and case analyses. Some of the assignments may require use of a spreadsheet program such as Excel. All assignments must be turned in on the date due, and must be original work. You are expected to adhere to the Honor Code. No late assignments will be accepted.

1. Class Participation/Attendance/Conduct: You are expected to attend class on a regular basis and contribute to class discussions. At the beginning of the semester, a seating chart will be distributed, and assigned seats will be established. If you are not present at the beginning of a class, you will be considered absent for that day. Also, please inform me before class begins if you will need to leave before the scheduled end of the class period. Finally, using laptop computers (or cell phones) during class time to surf the internet, send emails, etc., is not appropriate class conduct. If laptops/cellphones are used inappropriately, they will be banned from class.

2. Homework: There will be two graded homework assignments during the term. You may work with others when solving the problems, although each student must submit his/her own set of solutions for grading. In addition, non-graded end-of-chapter (or other) problems may be assigned to stimulate class discussions.

3. Exams: There will be three exams during the term. Exam make-up policy: If, for a valid reason (medical emergency, death in the family, etc.), you are unable to take Exam #1 or Exam #2, your grade on (comprehensive) Final Exam #3 will substitute for the missed exam grade.

4. Case Analyses: There will be two case analyses. A (well) written analysis of the first case will be required and will comprise 10% of your overall grade. A briefer written analysis of the second case will be required and will comprise 5% of your overall grade. Case groups will be formed during the semester. A "peer evaluation" form will be attached to the third exam to allow students to rate the relative contribution of each of their case group members. These ratings will be utilized when determining each student’s overall case analysis grade. Group case analyses must be original work; students are expected to adhere to the Honor Code. On the days the case analyses are due, your group must email me a copy of your analysis (prior to class) and also bring a hard copy to class to submit for grading.

Grade Determination (using the +/- system):

<table>
<thead>
<tr>
<th>Component</th>
<th>Weight</th>
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<tbody>
<tr>
<td>Class Participation/Attendance</td>
<td>5%</td>
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<tr>
<td>Graded Homework</td>
<td>10%</td>
</tr>
<tr>
<td>Case Analyses</td>
<td>15%</td>
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<tr>
<td>Exams #1 and #2 (equally weighted)</td>
<td>40%</td>
</tr>
<tr>
<td>Final Exam #3**</td>
<td>30%</td>
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</table>

100%

** note: if a student’s grade on Final Exam #3 is higher than the average of their grades on the Exams #1 and #2, then Exam #3 will be given a weight of 35% and Exams #1 and #2 will be given a weight of 35%.
Instructor and Office Hours:
Stephen E. Christophe, Ph.D., schristo@gmu.edu
Office Location: Enterprise109
Office Hours: By appointment
Office Phone: (703) 993-1767
Course Website: N/A

Calculators: For this course you will need a financial calculator capable of performing present value/future value-type analysis. For example, the Texas Instruments BA II Plus calculator meets these criteria. Many other calculators are also suitable.

DRC Statement: If you are a student with a disability and you need academic accommodations, please see the instructor and contact the Disability Resource Center (DRC) at 703-993-2474. All academic accommodations must be arranged through the DRC.

<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Assignment</th>
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</thead>
<tbody>
<tr>
<td>Jan 22</td>
<td>Introduction, Principles of Finance</td>
<td>RWJ Ch. 1, 2</td>
</tr>
<tr>
<td>Jan 27, 29, Feb 3</td>
<td>Time Value of Money</td>
<td>RWJ Ch. 4</td>
</tr>
<tr>
<td>Feb 5, 10, 12</td>
<td>Valuing Bonds and Stocks</td>
<td>RWJ Ch. 8, 9</td>
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<td></td>
<td></td>
<td>(Ch. 15, 20 optional)</td>
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<tr>
<td>Feb 17</td>
<td>Evaluating Capital Budgeting Projects</td>
<td>RWJ Ch. 5</td>
</tr>
<tr>
<td>Feb 19, 24</td>
<td>Capital Budgeting Techniques</td>
<td>RWJ Ch. 6</td>
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<tr>
<td>Feb 26</td>
<td>Exam #1</td>
<td></td>
</tr>
<tr>
<td>Mar 2</td>
<td>Capital Budgeting Techniques, cont’d</td>
<td>RWJ Ch. 6</td>
</tr>
<tr>
<td>Mar 4</td>
<td>Capital Market History/Portfolio Theory</td>
<td>RWJ Ch. 10, 11</td>
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<tr>
<td>Mar 16, 18</td>
<td>Portfolio Theory/The CAPM</td>
<td>RWJ Ch. 11</td>
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<tr>
<td>Mar 23</td>
<td>Case Analysis TBA Due/Case Write-up Due</td>
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<tr>
<td>Mar 25</td>
<td>Portfolio Theory/The CAPM, cont’d</td>
<td>RWJ Ch. 11</td>
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<tr>
<td>Mar 30, Apr 1</td>
<td>Cost of Capital Estimation</td>
<td>RWJ Ch. 13</td>
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<tr>
<td>Apr 6, 8</td>
<td>Efficient Capital Markets</td>
<td>RWJ Ch. 14</td>
</tr>
<tr>
<td>Apr 13</td>
<td>Exam #2</td>
<td></td>
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<tr>
<td>Apr 15, 20</td>
<td>Capital Structure Theory</td>
<td>RWJ Ch. 16, 17</td>
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<tr>
<td>Apr 22</td>
<td>Capital Budgeting for the Levered Firm</td>
<td>RWJ Ch. 18</td>
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<tr>
<td>Apr 27, 29</td>
<td>Dividend Policy</td>
<td>RWJ Ch. 19</td>
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</tbody>
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Case Discussion TBA/Brief Write-up Due

May 4       Special Topics/Review

May 6       Final Exam #3
<table>
<thead>
<tr>
<th>Type of Violation</th>
<th>First Offense</th>
<th>Second Offense</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Plagiarism</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Failure to cite/attribute sources</td>
<td>An F in the class; referral to Writing Center; and Academic Integrity Seminar completion</td>
<td>An F in the class; referral to the Writing Center; Academic Integrity Seminar completion; termination from the School of Business; and at least one semester suspension or expulsion</td>
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<tr>
<td>2. Representing someone else’s work as the student’s own (e.g., copying and pasting)</td>
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<tr>
<td><strong>Cheating</strong></td>
<td></td>
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<tr>
<td>1. On a minor assignment (e.g., homework, quizzes)</td>
<td>An F in the class; and Academic Integrity Seminar completion</td>
<td>An F in the class, Academic Integrity Seminar completion; termination from the School of Business; and at least one semester suspension or expulsion</td>
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<tr>
<td>2. Cheating on a major assignment or exam, submitting course work from another course as original work</td>
<td>An F in the class; and Academic Integrity Seminar completion</td>
<td>An F in the class, Academic Integrity Seminar completion; termination from the School of Business; and at least one semester suspension or expulsion</td>
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<tr>
<td><strong>Lying (e.g., providing fraudulent excuse documents, falsifying data)</strong></td>
<td>An F in the class; and Academic Integrity Seminar completion; and at least one semester suspension</td>
<td>An F in the class; Academic Integrity Seminar completion; termination from the School of Business; and at least one semester suspension or expulsion</td>
</tr>
<tr>
<td><strong>Egregious Violation (e.g., stealing an exam; submitting coursework from another class as original work across multiple courses; lying to an employer about academic performance, false identification or posing as another, in person or online)</strong></td>
<td>An F in the class, Academic Integrity Seminar completion; termination from the School of Business; and at least one year suspension</td>
<td>An F in the class; Academic Integrity Seminar completion; termination from the School of Business; and expulsion</td>
</tr>
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