Finance 643: Managerial Finance  
Spring 2020  
Dr. Sean Spence

Instructor:  
Dr. Sean A. Spence, sspence2@gmu.edu  
Phone number: (718) 864-0258  
E-mail: Sspence2@gmu.edu  
Office Location: Enterprise 239  
Office Hours: By Appointment

Textbook:  

Also read The Wall Street Journal daily to build business judgement: https://infoguides.gmu.edu/business/value.

Be sure to browse the following websites regularly:  
- http://www.bloomberg.com  
- http://money.cnn.com/  
- http://www.cnbc.com/  
- http://www.google.com/finance

Course Description: The objective of this course is to teach students how to apply modern financial theory to the investment and financing decisions of a corporation by providing them with the fundamental analytical tools of corporate finance.

We will start from the ground up by talking about the simple concept of time value of money and attain to a full-fledged company valuation by the end of the course. Meanwhile, we will also be focusing on topics like capital budgeting, portfolio theory, asset pricing, risk-return tradeoff, and capital structure throughout the course.

Although numbers and formulas will be an important part of the course, the main goal is establishing a solid grounding in some of the basic concepts in finance and developing skills to apply those concepts into financial management and decision-making. Class meetings will be a combination of lectures and case discussions. Each class member is expected to be well prepared for each session and to actively participate in class discussions through which I hope we can learn as much as possible in the weeks we will spend together.
**Course Material:** The required textbook for the course is: Ross, Westerfield and Jaffe, Corporate Finance, 10th Edition, McGraw-Hill/Irwin, 2013 (RWJ).

Although RWJ is the required textbook, I also highly recommend “Brealey and Myers, Principle of Corporate Finance” as a reference textbook. Additionally, I believe that you would greatly benefit from regular reading of the Wall Street Journal, the Economist, Business Week, Fortune, Forbes, Barron’s etc.

**Grading:** Your final course grade will be determined as follows:

- Class Participation 10%
- Problem Set Assignments 10%
- Case Assignment 10%
- Midterm Exam 30%
- Final Exam 40%

**Exams:** There will be an in-class midterm exam during week 6 and a comprehensive final exam at the end of week 10. Exams will be a combination of multiple-choice questions and problems.

Both exams will be closed book, but you will be allowed to bring in one single-sided formula sheet and to use a non-programmable calculator. I will ask you to turn-in your formula sheet with your exam. There will be no make-up exams. In the event that a student is unable to attend the midterm or the final exam, it is his/her responsibility to notify me prior to the exam and with reasonable notice. Only in extraordinary circumstances, the student may be authorized to take exams on a different date.

**Problem Set and Case Assignments:** There will be two problem set assignments to be completed individually and one case analysis report to be completed with a group. For all assignments, a softcopy of your work must be submitted before 6:30pm on Monday of the week the assignment is due via Blackboard. Late submissions will not be accepted. Additionally, a hardcopy of your work must be submitted at the beginning of class that week. Group case analysis must be original work – see below for academic integrity statement. No credit will be given for unoriginal or copied work and necessary action will be taken following the honor code. There will also be peer evaluation forms for rating case group members. These ratings will guide me when assigning final case grades.

**Class Participation:** Your attendance and participation is extremely important. You should actively participate in class discussions if you want to get a good grade for this class.

**Learning Goal:** Analytical Decision Making - Demonstrate the ability to analyze uncertain complex management situations using appropriate tools, techniques and information systems for decision-making.

**Program-Level Learning Goal Analytical Decision Making:** Demonstrate the ability to analyze uncertain complex management situations using appropriate tools, techniques and information systems for decision-making. Academic Integrity Students are expected to abide by the Honor Code adopted by George Mason University. The Honor Code and other details
regarding academic integrity can be found at http://oai.gmu.edu/. All violations of the Honor Code will be penalized in accordance with University guidelines. Office of Disability Services Statement If you are a student with a disability and you need academic accommodations, please see me and contact the Office of Disability Services (ODS) at 703-993-2474. All academic accommodations must be arranged through the ODS and I have to be notified in advance.

<table>
<thead>
<tr>
<th>Session</th>
<th>Topic</th>
<th>Assignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Introduction to Course</td>
<td>RWJ Ch. 1, 4</td>
</tr>
<tr>
<td></td>
<td>Time Value of Money</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Time Value of Money</td>
<td>RWJ Ch. 1, 4</td>
</tr>
<tr>
<td>3</td>
<td>Capital Budgeting</td>
<td>RWJ Ch. 5, 6, 7</td>
</tr>
<tr>
<td>4</td>
<td>Bond and Stock Valuation Models</td>
<td>RWJ Ch. 8, 9, 15, 20</td>
</tr>
<tr>
<td>5</td>
<td>Midterm Review</td>
<td>Problem Set 1 is due</td>
</tr>
<tr>
<td>6</td>
<td>MIDTERM EXAM</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Risk &amp; Return</td>
<td>RWJ Ch. 10, 11, 14</td>
</tr>
<tr>
<td>8</td>
<td>Capital Budgeting</td>
<td>RWJ Ch. 13</td>
</tr>
<tr>
<td></td>
<td>Capital Structure</td>
<td>RWJ 16 &amp; 17</td>
</tr>
<tr>
<td>9</td>
<td>Mercury Athletic*</td>
<td>Mercury Athletic case analysis</td>
</tr>
<tr>
<td></td>
<td>Blaine Kitchenware*</td>
<td>report is due</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Blain Kitchenware Inc.</td>
</tr>
<tr>
<td>10</td>
<td>Final Review</td>
<td>Problem Set 2 is due</td>
</tr>
<tr>
<td>11</td>
<td>FINAL EXAM</td>
<td></td>
</tr>
</tbody>
</table>

* The cases can be purchased from HBR at the following links:

* The Academic Integrity Seminar used by Office of Academic Integrity costs $100.