

**THE UNIVERSITY OF TEXAS AT EL PASO**  
Department of Economics and Finance

Dr. Faith Xie

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**FIN 5311 (CRN 16728) Managerial Finance**  
**Fall 2014**

**Class Hours:** 5:30 pm – 9:30 pm, Monday and Thursday

**Location:** Graduate Business Center, Suite ?

**Office Hours:** 2:30pm - 4:30pm, M and H, or by appointment

**Textbook:** *Corporate Finance*, 10<sup>th</sup> Edition, by Ross, Westerfield and Jaffe  
McGraw-Hill Irwin

**Coursepack link:** will be provided soon

**Prerequisites:**

Fin3310 (Business Finance) or Fin5305 (Financial Concepts and Analysis). If your financial course work is several semesters old, I expect that you refresh yourselves on basic concepts. You will need a financial calculator, such as Texas Instruments BA II Plus (recommended) or equivalent. Your calculator should be able to compute the NPV and the IRR of an uneven stream of cash flows.

**Course Description:**

A study of the financial manager in executive decision making, involving financial planning and analysis in the allocation of the financial resources of a firm; investment decision-making, capital budgeting, and financial problems of growth.

**Course Objective:**

Upon successful completion of the course students should be able to

1. interpret financial statements and financial ratios,
2. understand and apply financial planning models,
3. understand and apply the capital budgeting process,
4. understand and apply the capital structure process,
5. understand and apply modern financial theory to security and corporate valuation,
6. understand the basic concepts and valuation of M&A.

**Grade Components:**

3 Exams (23% each)	69%
Group Project: written and oral presentation	20%
Homework	11%
Total	100%

*Exams:* All students are required to take the exams at the scheduled time which will be announced in class. Make-up exam will be given to students who have to miss due to “excused absences due to university-recognized activities”. These students are required to send written notice to the instructor about such activities ahead of time. See student handbook for a description of these activities. Requests for an excuse must be made in writing and, except for extreme emergencies, prior to the test.

*Group Project:* A group consists of no more than three (3) students. Each group is responsible for completing the assigned case study. Each student in each group is expected to help each other and to contribute to his/her group work. Only one grade will be assigned to the case study for each group. You may purchase the case at Coursepack link: (will be provided soon)

*Written Case Report:* Each group is required to submit a written report on the case assigned. The report should not be longer than 6 pages (excluding figures and exhibits). The first page should only include the followings: course title, term, group information, instructor’s name, and an executive summary that clearly states your recommendations. The executive summary should be single-spaced. The next five double spaced pages should include your analysis of the case. Pages should be numbered. Times New Roman font 12 should be used. All exhibits, such as figures, and tables, should be clearly labeled and referenced. Assume that the reader is familiar with the facts of the case and interested in your specific recommendations backed up by solid analysis. Clear and concise writing is rewarded.

You are **NOT** allowed to ask for help from anyone outside of your group. However, you can use all other resources available to you (library, internet, etc). Academic integrity should be observed.

*Oral Presentation:* Each group is required to present their case to the class. All students in each group are expected to present part of his/her group’s case and to answer questions raised.

*Homework:* Homework will be assigned and collected in class. NO late homework assignment will be accepted under ANY circumstance.

### **Withdrawal Policy:**

A student may officially withdraw from this class with an automatic W at any time BEFORE ? Automatic withdrawals will NOT be made by the instructor. THIS IS UNIVERSITY POLICY. To be withdrawn from the class, students must take the appropriate actions on or before the university deadlines.

### **Students with Disabilities:**

If you feel you may have a disability that requires accommodations, contact the Disabled Student Services Office at 747-5148, go to the Union Bldg. East, room 106, or e-mail [dss@utep.edu](mailto:dss@utep.edu).

**Academic Integrity:**

The University of Texas at El Paso prides itself on its standards of academic excellence. In all matters of intellectual pursuit, UTEP faculty and students must strive to achieve excellence based on the quality of work produced by the individual. In the classroom and in all other academic activities, students are expected to uphold the highest standards of academic integrity. Any form of scholastic dishonesty is an affront to the pursuit of knowledge and jeopardizes the quality of the degree awarded to all graduates of UTEP. It is imperative, therefore, that the members of this academic community understand the regulations pertaining to academic integrity and that all faculty insist on adherence to these standards.

Any student who commits an act of scholastic dishonesty is subject to discipline. Scholastic dishonesty includes, but is not limited to, cheating, plagiarism, collusion, the submission for credit of any work or materials that are attributable in whole or in part to another person, taking an examination for another person, any act designed to give unfair advantage to a student or the attempt to commit such acts. Proven violations of the detailed regulations, as printed in the Handbook of Operating Procedures (HOP), and available in the Office of the Dean of Students, and the homepage of The Dean of Students (DOS) at [www.utep.edu](http://www.utep.edu), may result in sanctions ranging from disciplinary probation, to failing grade on the work in question, to a failing grade in the course, to suspension or dismissal, among others.

### Tentative Course Outline

<b>Date</b>	<b>Topics:</b>	<b>Assignment</b>
Dec. 1, 2014 Monday	<ul style="list-style-type: none"> <li>- Introduction and Course Overview</li> <li>- Financial Statements Analysis and Financial Model (Ch3)</li> <li>- Discounted Cash Flow Valuation (Ch4)</li> </ul>	<b>HW1</b> Ch3 Pg. 78: 1 to 8,14,15,19,20  <b>HW2</b> Ch4 Pg.124: 11,13,14,17,23,25 to 30, 33,52,57,58
Dec. 4, 2014 Thursday	<ul style="list-style-type: none"> <li>- Interest Rates and Bond Valuation (Ch8)</li> <li>- NPV and Other Investment Rules (Ch5)</li> </ul>	<b>HW3</b> Ch5, Pg. 160: 6,8,12,14(a-c),16(a-c)
<b>Dec. 8, Monday</b>	<ul style="list-style-type: none"> <li>- Catch up/Review</li> </ul> <b>Exam 1: 7:00 – 9:30 pm (Chs 3, 4, 5, 8)</b>	
Dec. 11, 2014 Thursday	<ul style="list-style-type: none"> <li>- Making Capital Investment Decisions (Ch6)</li> <li>- Risk Analysis and Capital Budgeting (Ch7)</li> </ul>	<b>HW4</b> Ch6, Pg. 197: 3,4,7,9,12,14,19,20,30  <b>HW5</b> Ch7, Pg. 228: 1,2,12,13
Dec. 15, 2014 Monday	<ul style="list-style-type: none"> <li>- Stock and Firm Valuation (Ch9)</li> <li>- Cost of Capital: the WACC (Ch13)</li> </ul>	<b>HW6</b> Ch9, Pg.299: 1,2,4,5,8,10,12,13,17,30,31,36  <b>HW7</b> Ch13, Pg. 429: 1 to 5, 8,9,11,12,17
<b>Dec. 18, 2014 Thursday</b>	<ul style="list-style-type: none"> <li>- Catch up/Review</li> </ul> <b>Exam 2: 7:00 – 9:30 pm (Chs. 6, 7, 9, 13)</b>	
Jan. 5, 2015 Monday	<ul style="list-style-type: none"> <li>- Capital Structure: Basic Concepts (Ch16)</li> <li>- Valuation and Capital Budgeting for the Levered Firm (Ch18)</li> </ul>	<b>HW8</b> Ch16, Pg. 520: 1,3,4,5,6(a, b), 10 to15  <b>HW11</b> Ch18, Pg. 575:
Jan. 8, 2015 Thursday	<ul style="list-style-type: none"> <li>- Mergers, Acquisitions, and Divestitures (Ch29)</li> <li>- Case discussion</li> </ul>	<b>HW9</b> Ch29, Pg 921: 7,10,14,15
Jan. 12, 2015 Monday	<ul style="list-style-type: none"> <li>- Dividends and Other Payouts (Ch19)</li> <li>- Case discussion</li> </ul>	<b>HW10</b> Ch19, Pg. 615: 2 to 9.
<b>Jan. 15, 2015 Thursday</b>	<ul style="list-style-type: none"> <li>- Catch up/Review</li> </ul> <b>Exam 3: 7:00 – 9:30 pm (Chs. 16, 18, 19, 29)</b>	
Jan. 22, 2015 Thursday	<b>Group presentation</b>	<b>All Groups: written Case Due</b>
Jan. 26, 2015 Monday	<b>Group presentation</b>	

The instructor reserves the right to make any changes to the syllabus during the semester if needed.