

**University of Pittsburgh**  
**Joseph M. Katz Graduate School of Business**  
**Spring 2014 (2144)**

**Part-Time MBA Program**  
**BFIN 2409 – Financial Management 1**  
**Course Syllabus**

**Instructor:** Mehmet F. Yalin  
**Office:** MERVS 215  
**E-mail:** mey2@pitt.edu  
**Phone:** 412-624-3174

**Class time:** Mo 6:20pm-9:20pm (section 1130)  
We 6:20pm-9:20pm (section 1160)  
**Class room:** MERVS 117 (section 1130)  
ALUM 531 (section 1160)  
**Office hours:** by appointment

### **Course Description and Objectives**

*Financial Management 1* teaches the theory and practice of financial decision making. Using the basic concept of shareholder value maximization, the course addresses the questions as to (1) what investment projects should be undertaken, and (2) how these projects should be valued. These questions lead to discounted cash flow (DCF) analysis where uncertain future cash flows are valued as of today using a discount rate that incorporates the risk level of the investment in question. Such analysis is also implemented to the valuation of bonds and stocks.

After students complete this course, they should have an understanding of how companies make investment decisions and how they use financial management tools in order to evaluate these decisions.

Note: Students are expected to not miss lectures, read at least the lecture slides before coming to class, participate in class discussions, and ask questions.

### **Course Materials**

- a. Textbook: Ross, Westerfield, and Jaffe, *Corporate Finance*, 10<sup>th</sup> edition, McGraw-Hill/Irwin, ISBN 9-780078-034770.
- b. Course documentation will be posted on Blackboard at [courseweb.pitt.edu](http://courseweb.pitt.edu), which you can access using your University Pittsburgh ID and password.
- c. A calculator that at least can handle exponentiation is required. Calculators with built-in financial formulae may also be used.
- d. Recommended Sources: *The Wall Street Journal*, *Financial Times*, *BusinessWeek*, *Yahoo! Finance* ([finance.yahoo.com](http://finance.yahoo.com)), *MarketWatch* ([marketwatch.com](http://marketwatch.com)), *Bloomberg* ([bloomberg.com](http://bloomberg.com)).

## Grading

- a. Exam: There will be one (final) exam accounting for 60% of the final grade. The exam is closed book; however, a formula sheet will be provided and calculators will be permitted. The exam will consist of conceptual multiple choice questions and open-end quantitative questions. All students must take the exam on the scheduled date. An unexcused absence without supporting documentation such as a doctor's note or a police report will result in a grade of zero.
- b. Homework Sets: There will be four homework sets accounting for 40% of the final grade. Students must work individually on these assignments and submit their legible and organized solutions as a hard copy in class or a soft copy via e-mail on the due dates (below) no later than 9:30pm. Late submissions are under no circumstances accepted.

<u>Homework Set</u>	<u>Date Due</u>
1	Jan. 27, 2014
2	Feb. 5, 2014
3	Feb. 12, 2014
4	Feb. 19, 2014

- c. Grade Distribution: Letter grades will be assigned based on a traditional straight scale where scores 90 to 100 receive *A – to A +*; 80 to 89. $\bar{9}$  receive *B – to B +*; 70 to 79. $\bar{9}$  receive *C – to C +*; 60 to 69. $\bar{9}$  receive *D – to D +*; and 0 to 59. $\bar{9}$  receive *F*. Within each letter grade, the "letter grade minus" and the "letter grade plus" are assigned a 3-point range each and the "letter grade" is assigned a 4-point range.

## Other Course Policies

- a. Academic Integrity: Students are expected to comply with the University of Pittsburgh's Policy on Academic Integrity. Any student suspected of violating this obligation for any reason during the semester will be required to participate in the procedural process, initiated at the instructor level, as outlined in the University Guidelines on Academic Integrity.
- b. Disabilities: Students with disabilities that need accommodation are encouraged to contact both the instructor and Disability Resources and Services (DRS) located in 140 William Pitt Union (412-648-7890 / 412-383-7355(TTY)).

## Course Schedule

Date	Date	Topic	Textbook Readings	Textbook Questions and Problems ( <i>recommended</i> )
<b>Section 1130</b> Jan. 4, 2014	<b>Section 1160</b> Jan. 4, 2014	Introduction Discounted Cash Flow Valuation	Chapters 1-2 Chapter 4	<i>10<sup>th</sup> ed:</i> 4.8, 4.12, 4.23, 4.27, 4.42, 4.55, 4.57, 4.58, 4.67, 4.70 <i>9<sup>th</sup> ed:</i> 4.8, 4.12, 4.23, 4.27, 4.42, 4.55, 4.57, 4.58, 4.68, 4.71
Jan. 13, 2014	Jan. 8, 2014	Bond Valuation	Chapter 8 and Section 25.6	<i>10<sup>th</sup> ed:</i> 8.2, 8.5, 8.9, 8.14, 8.15, 8.16, 8.25, 25.7, 25.8, 25.11 <i>9<sup>th</sup> ed:</i> 8.2, 8.5, 8.9, 8.13, 8.14, 8.15, 8.25, 25.7, 25.8, 25.11
<i>Jan. 20, 2014</i>		<i>Martin Luther King Day</i>		
Jan. 24, 2014	Jan. 15, 2014	Bond Valuation ( <i>cont'd</i> )		
Jan. 27, 2014	Jan. 22, 2014	Equity Valuation	Chapter 9	<i>10<sup>th</sup> ed:</i> 9.15, 9.17, 9.21, 9.23, 9.27, 9.28, 9.29, 9.35, 9.36, 9.38 <i>9<sup>th</sup> ed:</i> 9.14, 9.16, 9.21, 9.26, 9.27, 9.28, 9.29, 9.32, 9.33, 9.35
	<i>Jan. 29, 2014</i>	<i>Professional Development Day</i>		
Feb. 3, 2014	Feb. 5, 2014	Equity Valuation ( <i>cont'd</i> )		
Feb. 10, 2014	Feb. 12, 2014	Capital Budgeting	Chapters 5-6 and Section 7.1	<i>10<sup>th</sup> ed:</i> 5.14, 5.17, 5.18, 5.19, 5.23, 6.9, 6.10, 6.20, 6.23, 6.27 <i>9<sup>th</sup> ed:</i> 5.14, 5.17, 5.18, 5.19, 5.23, 6.9, 6.10, 6.20, 6.23, 6.27
Feb. 17, 2014	Feb. 19, 2014	Capital Budgeting ( <i>cont'd</i> )		
Feb. 24, 2014	Feb. 26, 2014	FINAL EXAM		