

Santa Clara University
Spring 2009
Finance 451
Financial Management

Instructor : Dr. Rafiq Dossani, dossani1@gmail.com

Location :Arts & Science, #133

Time: M-W 5:45-7:00 p.m.

Office hours: M-W 4:30-5:30 p.m., 316 B Lucas Hall

Objective: Introduction to the basic concepts and tools of finance. Review of balance sheet and income statement categories. Emphasis on the time value of money, present value calculations, the opportunity cost of capital, the valuation of simple securities, and evaluating investment opportunities in a capital budgeting system. *Prerequisites: ACTG 300 and OMIS 353.*

Description: Financial management is an integral part of growing and managing a corporation. It requires decisions on: (1) capital allocations to finance the operations of the corporation (the capital budgeting decision); (2) financing capital allocation through using retained earnings or raising external finance (the capital structuring decision); and, (3) distributions to shareholders and other residual claimants (the distribution decision). The finance manager's toolkit is centered on understanding how to value usually uncertain cash flows of projects and financing instruments in the context of the existing corporate, legal, regulatory and tax environment. The latter factors means that issues such as corporate governance, permissible corporate actions and tax rates all influence financial management.

Text: E. Brigham and M. Ehrhardt (hereafter, BE), *Financial Management: Theory and Practice*, 12th edition, Thomson South-Western, 2008.

Evaluation:

Homework assignments	25%
Mid-Term	35%
Final	40%

Note: Homework assignments for each chapter will be posted on the website: academic.cengage.com/cengagenow. See p. xi of BE for details of the website. Create an account using the course key: E-5EEBRFWS2E77G. Students should complete the assignments after completion of the chapter. The assignments are to be completed online. Students will typically have until the next class to complete a homework – this

will be specified by the instructor for each assignment in advance. The website automatically grades all assignments and provides you with instant feedback.

Dates	Topic	BE Chapter Reference
3-30	Course introduction, objectives and sequence; evaluation	1
4-1, 4-6	Time value of money	2
4-8, 4-13	Financial Statements	3, 4
4-15, 4-20	Valuation of bonds	5
4-22, 4-27	Risk and return	6
4-29	MID-TERM EXAM	
5-4, 5-6	Portfolio theory	7
5-11, 5-13	Valuation of equity and options	8, 9
5-18, 5-20	Cost of capital	10
5-27, 6-1	Capital budgeting	11
6-4	Cash flow estimation	12
6-8	Final Exam	