Required Materials


Calculator

You must have a financial calculator to get through the course. Many of the exam problems involve complex arithmetic and financial calculations and a financial calculator is necessary to solve them.

I recommend either the HP-10BII or the HP-17BII. The 10BII does everything needed in the course. The HP-17BII does more and costs more. Some argue that the 17BII is easier to use once you get used to it. Also, some students argue that the 17BII is better to have in some of the upper level Finance classes. Again, however, everything in this class can be done with a 10BII.

As you will soon see, the ability to use a financial calculator is critical to success in the class. You are responsible for learning how to operate your financial calculator and it is crucial that you are familiar with your calculator by the time we begin Chapter 5.

Makes sure that you bring your calculator to class. Students may not share calculators on exams. Please be sure to check your batteries before exams.

Optional Materials

Study Guide for Fundamentals of Financial Management. This workbook contains learning objectives and outlines of the chapter plus questions and problems with detailed answers. It is useful when studying, especially when preparing for exams, but it is not required.

Course objectives

This course is designed for the general business student, not just the finance major. Since this is a survey course, we will cover a lot of ground. We will begin with a general overview and then go into more detail on several concepts, financial instruments, and techniques used in financial decision making.

The chief objectives of the course are:
1. To introduce you to the world of finance. Anyone involved with the management of a business needs to have at least some minimal knowledge of business finance.
2. To introduce you to basic financial concepts such as the time value of money, asset valuation, and risk and return, financial statement analysis, capital budgeting, cost of capital, capital structure, and working capital management and to become familiar with the various types of financing available to a firm.

My hope is that by the end of the class you have a basic grasp of finance principles and that you go beyond just memorizing a number of facts and formulas. Doing so will enable you to better understand current events in Finance and will provide a solid framework for any subsequent courses you may take in Finance. Hopefully, by the end of the semester you will want to take additional classes in Finance!

**BSBA Goals**

BSBA students will graduate being Effective Communicators, Critical Thinkers, Able to Analyze Ethical Problems, Global in their perspective, and Knowledgeable about the essentials of business. This class contributes to those goals through its student learning outcomes.

**Student Learning Outcomes**

- Explain how domestic financial markets work and how firms obtain funds in the financial markets and at what cost.
- Apply basic valuation concepts to valuing various types of cash flow streams.
- State and explain what determines the value of a firm’s securities and how management can influence these values.
- Measure a firm’s risk, explain what determines this risk, and how this affects the value of a firm.
- Analyze a firm’s performance to determine its strengths and weaknesses, and use financial analysis to make suggestions for improving performance.
- Forecast a firm’s financial needs.
- Point out the various methods for analyzing projects, apply them, and specify what to do if there are conflicting recommendations.
- Identify and explain the tradeoffs involved and the techniques used to manage working capital.
- Explain what leverage is, how a firm influences its leverage, and how leverage affects a firm.
- Describe how firms raise money in foreign markets and the traditional types of risks that multinational firms are exposed to.

**Instructional Methods**

The basic instructional tools for this course are lecture, discussion and problem solving. The students are presented with a thorough conceptual overview of the theory. The usefulness of the theory is then illustrated with examples and problems assigned as homework.

**Reading Assignments**

The structure of this class makes your individual study and preparation outside class extremely
important. The lecture material will focus on the major points introduced in the text. Reading the assigned chapters and having some familiarity with them before class will greatly assist your understanding of the lecture. After the lecture, you should read the chapter/study your notes and work relevant problems from the end of the chapter. Further, you should be prepared to participate in class discussions of the material being presented. Recognition and reward will be given to those who make meaningful contributions to class discussions. The participation factor should prove especially meaningful in borderline situations.

Examinations

There will be three exams. Your grade in the course will be determined based on your performance on three examinations. Each examination will count as one-third of your final course grade.

There will be NO makeup exams. If you have a valid excuse for missing either of the first two exams, your final grade will be based on your performance on the other two examinations each of these examinations will count as 50% of your final grade. If you miss the final with a valid excuse, you must make it up the following term. If you do not have a valid excuse for missing an exam, it will count as a zero.

In order to be excused from an exam, the student must contact me at least 1 week before the exam. If you cannot reach me, email me or leave a message with the department secretaries. In most cases I will require students to provide me with additional documentation to justify why the student is unable to take the exam. Please note that a simple note indicating that you were seen at the health center the day of the exam does not, in and of itself provide sufficient documentation. Excuses will be granted if the student is unable to take the exam because of serious illness or injury, or a significant personal or professional commitment. Excuses will not be granted for social activities such as ski trips, cruises, and trips to sporting events (unless you are participating).

The exams will all be cumulative. Most of the questions on each exam will be taken from chapters covered since the last exam, but some will come from earlier chapters. In general, the coverage will reflect the amount of time spent in class on the different chapters.

For the exams you will be allowed to bring in a financial calculator, and an 8 by 11 sheet of paper on which you can write, type, or copy anything that you like (yes you can write on both sides!). You are also allowed to bring sheets that summarize the major formulas used in the text chapters. No other materials may be used during the exam.

The form of the examinations may vary depending on the material covered. All exams will be kept by the instructor.

Notes- Grading

1. If the exams are multiple choice, you will receive no partial credit. This lowers scores considerably from what they would be if partial credit were given. Thus, if you get 50% correct, this does not mean that you know only 50% of the material you probably know a lot more. Therefore, I curve the exams, and only the curved grade is meaningful.
2. Grade Policy (Department of Finance)

a. Grades shall genuinely distinguish between high and low levels of academic achievement.
b. Undergraduate grades shall be: A, outstanding achievement; B, praiseworthy performance; C satisfactory performance; D, minimally passing and F, failing.
The grade for average undergraduate achievement shall be C.

3. Final grades will be assigned based on the total points earned compared against the following scale:

- 93%+ = A;
- 90%+ = A-;
- 87%+ = B+;
- 83%+ = B;
- 80%+ = B-;
- 77%+ = C+;
- 73%+ = C;
- 70%+ = C-;
- 67%+ = D+;
- 63%+ = D;
- 60%+ = D-;
- <60%=F.

Attendance Policy

Regular attendance in all class sessions is mandatory. You will get the most out of this class if you attend every session. Students are expected to arrive on time and remain in class for the entire period scheduled. The responsibility for work missed due to any type of absence rests with the student. Three unexcused absences will result in a student failing the class. Attendance will be taken at any time during the class session. Students will be considered late ten minutes after the start of class. Three late arrivals is equivalent to one unexcused absence. Any exceptions are up to the discretion of the instructor.

Additional Class Policies

1. Unless otherwise instructed, turn off cell phones and other devices that can access the internet while you are in class.
2. No text messaging or other form of e-communication will be allowed during class.
3. Come to class on time; it is very disruptive and disrespectful to the instructor and the other students when you come to class late.
4. I have a zero-tolerance policy about cheating on exams. Cheating means getting exam answers from an external source, including people in or outside of class, including via classical cheating methods (i.e. roaming eyes; talking in a foreign language, etc.), or via state-of-the-art cheating methods (e.g. e-messages).
5. If you are caught cheating, your exam will be confiscated, you will be given a zero on it, and you will be reported to the university for appropriate action.
6. Cheating also means signing for others - who are not present in class- when I take attendance.
7. If you are a student with a disability and believe you will need accommodations for this class, it is your responsibility to contact Student Disability Services at (619) 594-6473. To avoid any delay in the receipt of your accommodations, you should contact Student Disability Services as soon as possible. Please note that accommodations are not retroactive, and that I cannot provide accommodations based upon disability until I have received an accommodation letter from Student Disability Services. Your cooperation is appreciated.
## Course Schedule (Tentative)

<table>
<thead>
<tr>
<th>Topic</th>
<th>Chapter(s)</th>
<th>Problems</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>1 &amp; 2</td>
<td></td>
</tr>
<tr>
<td>Time Value of Money</td>
<td>5</td>
<td>5.1 - 5.40</td>
</tr>
<tr>
<td>Bond Valuation</td>
<td>7</td>
<td>7.1 - 7.16</td>
</tr>
<tr>
<td>Risk &amp; Rates of Return</td>
<td>8</td>
<td>8.1 - 8.20</td>
</tr>
<tr>
<td>Stock Valuation</td>
<td>9</td>
<td>9.1 - 9.22</td>
</tr>
<tr>
<td>The Cost of Capital</td>
<td>10</td>
<td>10.1 - 10.20</td>
</tr>
<tr>
<td>Capital Budgeting Techniques</td>
<td>11</td>
<td>11.1 - 11.15, 11.18</td>
</tr>
<tr>
<td>Cash Flow Estimation &amp; Other Topics</td>
<td>12</td>
<td>12.1 - 12.18, 12.20, 12.21</td>
</tr>
</tbody>
</table>

**EXAM I**

| Stock Valuation                    | 9          | 9.1 - 9.22     |
| The Cost of Capital                | 10         | 10.1 - 10.20   |
| Capital Budgeting Techniques       | 11         | 11.1 - 11.15, 11.18 |
| Cash Flow Estimation & Other Topics| 12         | 12.1 - 12.18, 12.20, 12.21 |

**EXAM II**

| Financial Statements Analysis      | 3& 4       | 4.1 - 4.23     |
| Financial Forecasting              | 17         | 17.1 - 17.13   |
| Working Capital Management         | 16 &       |                |
| Web Appendix 16B                   |            | 16.1 - 16.10   |
| Leverage                           | 14         | 14.1 - 14.13   |
| Multinational Financial Management | 19         |                |

**EXAM III**