

CHAMINADE UNIVERSITY

COURSE SYLLABUS

COURSE TITLE: BU 352, Principles of Finance
TERM: August 26-December 12, 2002
TIME AND PLACE: Monday/Wednesday/Friday 9:00-9:50

INSTRUCTOR: Caryn Callahan, Ph.D.
OFFICE HOURS: MWF 11:00-12:00; Kieffer Hall
OFFICE PHONE: 735-475 (Kieffer Hall)
HOME PHONE: 395-0541 (Call before 9:00 P.M.)
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COURSE DESCRIPTION

This is a basic, introductory course, which covers material essential to an understanding of financial management. Topics will include, but not be limited to, security markets, interest rates, time value of money, the cost of capital, risk and return, and financial analysis.

OBJECTIVES

The main objectives of this course are to enable the student to understand and apply:

- ☐ The basic principles of "the time value of money."
- ☐ The core concepts of equity valuation, enabling the student to calculate the value of common stock when given the appropriate inputs.
- ☐ The fundamentals of preferred stock valuation, enabling the student to calculate the value of a preferred stock when given appropriate inputs.
- ☐ The key principles of "bond valuation," enabling the student to find the value of a bond when given the appropriate inputs.
- ☐ The basic principles of capital budgeting.
- ☐ The key methods of solving for a company's cost of capital.
- ☐ The basic concept of risk and how to measure it using standard deviation.
- ☐ The core concepts of the capital markets and investment banking.
- ☐ The major principles of dividend policy and retained earnings.
- ☐ The basic principles of convertible securities such as convertible bonds.
- ☐ The basic principles of exchange rates in the global environment.
- ☐ The integration of cross-cultural diversity.

GRADING

Here is a breakdown of the point allocation.

Midterm Examination	26%
Final Examination	26
12 Weekly Quizzes	<u>48</u>
Total	100%

Note: You will lose one-half of a percentage point for each unexcused absence.

MIDTERM AND FINAL EXAMS (26% each)

The midterm will cover Chapters 1 through 10 and the final exam will cover Chapters 11 through 21. Although the final is not intended to be cumulative, given the nature of the material, subject matter will necessarily overlap, and learning that occurs in the earlier weeks of the class may be needed to answer questions in the final.

WEEKLY QUIZZES (48%)

There will be a quiz every Wednesday on the material learned in the prior week. material. Each of the 12 quizzes is worth 4 percentage points, for a total of 48 percentage points.

TEXTBOOK AND READING ASSIGNMENTS

Foundations of Financial Management, Stanley Block and Geoffrey Hirt, Irwin, Ninth Edition, 2000.

Reading assignments will be taken from the assigned textbook. Be sure to read each chapter thoroughly in the week assigned.

**Fall 2002, SCHEDULE AND ASSIGNMENTS
BU 252, PRINCIPLES OF FINANCE**

WEEK 1: Monday, August 26; Wednesday, August 28; Friday, August 30

**Assignment for this week: Textbook, Chapters 1 and 2
"The Goals and Functions of Financial Management"
"Review of Accounting"**

WEEK 2: Wednesday, September 4; Friday, September 6 (Note: Monday, September 2 is the Labor Day Holiday.)

Assignment for this week: Textbook, Chapter 3, "Financial Analysis"

Weekly quiz on Wednesday: Quiz #1, Chapters 1 and 2

WEEK 3: Monday, September 9; Wednesday, September 11; Friday, September 13

**Assignment for this week: Chapter 4, "Financial Forecasting"
Chapter 5, "Operating and Financial Leverage"**

Weekly quiz on Wednesday: Quiz #2, Chapter 3

WEEK 4: Monday, September 16, Wednesday, September 18; Friday, September 20

**Assignment for this week: Chapter 6 "Working Capital and the Financing Decision"
Chapter 7 "Current Asset Management"**

Weekly quiz on Wednesday: Quiz #3, Chapters 4 and 5

WEEK 5: Monday, September 23; Wednesday, September 25; Friday, September 27

**Assignment for this week: SKIP: Chapter 8, "Sources of Short-Term Financing"
DO: Textbook, Chapter 9
"The Time Value of Money"**

Weekly quiz on Wednesday: Quiz #4, Chapters 6 and 7

WEEK 6: Monday, September 30; Wednesday, October 2; Friday, October 4

Assignment for this week: Chapter 10 "Valuation and Rates of Return"

Weekly quiz on Wednesday: Quiz #5, Chapter 9

WEEK 7: Monday, October 7; Wednesday, October 9; Friday, October 11

Assignment for this week: Review

Weekly quiz on Wednesday: Quiz #6, Chapter 10

WEEK 8: Wednesday, October 16; Friday, October 18 (Note: Monday, October 14 is the Columbus Day holiday).

Monday: MIDTERM EXAM, Chapters 1 through 10

Wednesday: Begin Chapter 11

WEEK 9: Monday, October 21; Wednesday, October 23; Friday, October 25

Chapters 11 and 12 are key chapters, so we will spend two weeks studying the two chapters as one integrated unit. This is the first week.

Assignment for this week: Chapter 11 "Cost of Capital"

Chapter 12 "The Capital Budgeting Decision"

WEEK 10: Monday, October 28; Wednesday, October 30; Friday, November 1

Chapters 11 and 12 are key chapters, so we will spend two weeks studying the two chapters as one integrated unit. This is the second week.

Assignment for this week: Chapter 11 "Cost of Capital"

Chapter 12 "The Capital Budgeting Decision"

Weekly quiz on Wednesday: Quiz #7, Chapter 11, First Part

WEEK 11: Monday, November 4; Wednesday, November 6; Friday, November 8

Assignment for this week: Chapter 13 "Risk and Capital Budgeting"

Chapter 14 "Capital Markets"

Weekly quiz on Wednesday: Quiz #8, Chapters 11, Second Part, and Chapter 12

WEEK 12: Wednesday, November 13; Friday, November 15 (Note: Monday, November 11 is the Veterans' Day holiday).

Assignment for this week:

(SKIP: Chapter 16)

DO: Chapter 15 "Investment Banking"

Chapter 17 "Common and Preferred Stock Financing"

Weekly quiz on Wednesday: Quiz #9, Chapters 13 and 14

Monday, November 12, is the Veterans Day holiday.

WEEK 13: Monday, November 19; Wednesday, November 21 and Friday, November 23

Friday, November 23, is part of the Thanksgiving holiday weekend.

Assignment for this week:

Chapter 18 "Dividend Policy and Retained Earnings"

Weekly quiz on Wednesday: Quiz #10, Chapters 15 and 17

WEEK 14: Monday, November 25; Wednesday, November 27 (Note: Friday, November 29 is part of the Thanksgiving holiday).

Assignment for this week: Chapter 19 "Convertibles and Warrants"

Weekly quiz on Wednesday: Quiz #11, Chapter 18

WEEK 15: Monday, December 2; Wednesday, December 4; and Friday, December 6

**Assignment for this week: Chapter 21 International Financial Management
FINAL EXAMINATION REVIEW**

Weekly quiz on Wednesday, (Quiz #12, Chapter 19)

Final Exam: Thursday, December 12th, 10:30-12:30.
