

CHAMINADE UNIVERSITY COURSE SYLLABUS

COURSE TITLE: BU 352, Principles of Finance
TERM: January 13- May 8, 2003
TIME AND PLACE: Monday/Wednesday/Friday 800-8:50, H107

INSTRUCTOR: Caryn Callahan, Ph.D.
OFFICE HOURS: MWF 11:00-12:00; Kieffer Hall
OFFICE PHONE: 735-4615 (Kieffer Hall)
HOME PHONE: 395-0541 (Call before 9:00 P.M.)
HOME E-MAIL: world@hawaii.rr.com

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.

**SPRING 2003, SCHEDULE AND ASSIGNMENTS
BU 252, PRINCIPLES OF FINANCE**

WEEK 1: Monday, January 13; Wednesday, January 15; Friday, January 17

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

**WEEK 2: Wednesday, January 22; Friday, January 24 (Note: Monday, January 20 is the
Martin Luther King Holiday.)**

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

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

WEEK 3: Monday, January 27; Wednesday, January 29; Friday, January 31

**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, February 3, Wednesday, February 5; Friday, February 7

**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, February 10; Wednesday, February 12; Friday, February 14

**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: Wednesday, February 19; Friday, February 21 (Note: Monday, February 17 is the
Presidents' Day Holiday.)**

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

Weekly quiz on Wednesday: Quiz #5, Chapter 9

WEEK 7: Monday, February 24; Wednesday, February 26; Friday, February 28

Assignment for this week: Review

Weekly quiz on Wednesday: Quiz #6, Chapter 10

WEEK 8: Monday, March 3, Wednesday, March 5; Friday, March 7

Monday: MIDTERM EXAM, Chapters 1 through 10

Wednesday: Begin Chapter 11

WEEK 9: Monday, March 10; Wednesday, March 12; Friday, March 14

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, March 17, Wednesday, March 19; Friday, March 21

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

SPRING BREAK (Monday, March 24 – Friday, March 28)

WEEK 11: Monday, March 31; Wednesday, April 2; Friday, April 4

**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: Monday, April 7, Wednesday, April 9; Friday, April 11.

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

WEEK 13: Monday, April 14 and Wednesday, April 16 (Friday, April 18 is the Good Friday Holiday)

Friday, April 16, is the Good Friday holiday.

Assignment for this week:

Chapter 18 "Dividend Policy and Retained Earnings"

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

WEEK 14: Monday, April 21; Wednesday, April 23; Friday, April 25.

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

Weekly quiz on Wednesday: Quiz #11, Chapter 18

WEEK 15: Monday, April 28; Wednesday, April 30; and Friday, May 2

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

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

Final Exam: Thursday, May 8th, 8:00-10:00.
