

CHAMINADE UNIVERSITY COURSE SYLLABUS

COURSE TITLE: BU 352, Principles of Finance
TERM: August 28 to December 8, 2000
TIME AND PLACE: Monday/Wednesday/Friday 9:00-9:50
INSTRUCTOR: Caryn Callahan, Ph.D.

OFFICE HOURS: By Appointment
OFFICE PHONE: 739-4689 (Keiffer Hall, Number 4)
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:

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

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, Eighth Edition, 1997.

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

Fall 2000 SCHEDULE AND ASSIGNMENTS
BU 352, PRINCIPLES OF **FINANCE**

WEEK 1: Monday, August 28, Wednesday, August 30 and Friday, September 1, 2000

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

WEEK 2: Wednesday, September 6 and Friday, September 8

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

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

Monday, September 4 is a holiday, Labor Day

WEEK 3: Monday, September 11; Wednesday, September 13 and Fri., September 15

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 18; Wednesday, September 20 and Friday, Sept. 22

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 25; Wednesday, September 27 and Fri., September 29

Assignment for this week: SKIP: Chapter 8, "Working Capital"
DO: Textbook, Chapter 9
"The Time Value of Money"

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

WEEK 6: Monday, October 2, Wednesday, October 4 and Friday, October 6

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

Weekly quiz on Wednesday: Quiz #5, Chapter 9

WEEK 7: Wednesday, October 11 and Friday, October 13

Assignment for this week: Review

Weekly quiz on Wednesday: **Quiz #6**, Chapter 10

Monday, October 9 is a holiday (Columbus Day)

WEEK 8: Monday, October 16; **Wednesday**, October 18 and Friday, October 20

Monday: **MIDTERM EXAM**, Chapters 1 through 10

Wednesday: **Begin Chapter 11**

WEEK 9: Monday, October 23; Wednesday, October 25 and Friday, October 27
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 30; Wednesday, November 1 and Friday, November 3
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 6; Wednesday, November 8 and November 10

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, November 13; Wednesday, November 15 and Friday, Nov. 17

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, November 20; Wednesday, November 22

Assignment for **this** week:

Chapter 18 "Dividend Policy and Retained Earnings"

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

Friday is a holiday (part of Thanksgiving Weekend)

WEEK 14: Monday, November 27; Wednesday, November 29 and Friday, December 1

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

Weekly quiz on Wednesday: Quiz #11, Chapter 18

WEEK 15: Monday, December 4, Wednesday, December 6 and Friday, December 8

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

Weekly quiz on Wednesday, Quiz #12, Chapter 19

Final Exam schedule will be announced.