

CHAMINADE UNIVERSITY

COURSE SYLLABUS

COURSE TITLE: BU 352, Principles of Finance
TERM: August 27 to December 13, 2001
TIME AND PLACE: Monday/Wednesday/Friday 9:00-9:50

INSTRUCTOR: Caryn Callahan, Ph.D.
OFFICE HOURS: By Appointment
OFFICE PHONE: ~~735-4615~~ (Keiffer Hall) 739-4615
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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:

- o 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.
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**.

GRADING

Here is a breakdown of the point allocation.

Midterm Examination	26%
Final Examination	26
12 Weekly Quizzes	48
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 I I 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 2001 SCHEDULE AND ASSIGNMENTS
BU 252, PRINCIPLES OF FINANCE

WEEK 1: Monday, August 27; **Wednesday**, August 29; and Friday, August 31

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

WEEK 2: Wednesday, September 5; and Friday, September 7

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

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

Monday, September 3 is the Labor Day holiday.

WEEK 3: Monday, September 10; Wednesday, September 12; **and** Friday, September 14

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 17; Wednesday, **September** 19; and Friday, September 21

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 24; Wednesday, September 26; and Friday, September 28

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, **October** 1; Wednesday, **October** 3; and Friday, October 5

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

Weekly quiz on Wednesday: Quiz #5, Chapter 9

WEEK 7: Wednesday, October 10; and Friday, October 12

Assignment for this week: Review

Weekly quiz on Wednesday: Quiz #6, Chapter 10

Monday, October 8 is the Columbus Day holiday.

WEEK 8: Monday, October 15; Wednesday, October 17; and Friday, October 19

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

Wednesday: Begin Chapter 11

WEEK 9: Monday, October 22; Wednesday, October 24; and Friday, October 26

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 29; Wednesday, October 31; and Friday, November 2

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 5; Wednesday, November 7; and Friday, **November 9**

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 14; and Friday, November 16

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.

Age Group	Percentage
18-24	10
25-34	25
35-44	20
45-54	15
55-64	10
65+	5

WEEK 13: Monday, November 19; Wednesday, November 21

Friday, 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

[illegible]

WEEK 14: Monday, November 26; Wednesday, November 28; and Friday, November 30

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

Weekly quiz on Wednesday: Quiz #11, Chapter 18

[illegible]

WEEK 15: Monday, December 3; Wednesday, December 5; and Friday, December 7

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.