

Course Syllabus BUS 170
Fundamentals of Finance
Spring Semester 2009

Section 17 : MW 15:00 – 16:15

Room: BBC 107

The course outline provides a general plan for the course, deviations may be necessary

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Office Hours: Office Hours: MW 13:30 – 14:30
W 17:00 – 17:50 or by appointment

Course Description:

The course focuses on the finance function and its relationship to other decision-making areas of the firm, the study of the theory and techniques in acquisition and allocation of financial resources from an internal management perspective.

Course Objective:

This course introduces students to the basic concepts and applications of modern financial theories. In particular, the course will illustrate how corporate financial managers are able to increase the value of the firm by obtaining capital in competitive financial markets in order to finance its investment activities. The course will present Financial Statements analysis, Time-Value of money, valuation of various classes of Financial Securities, Capital Budgeting decisions, Risk-Reward relationship, and Cost of Capital. This course has been designed to give non-finance majors an overview of the function of financial management within most firms, and to provide finance majors with a solid foundation on which elective courses will build.

Prerequisites:

BUS 21 or BUS 122A, Econ 1A, Econ 1B, BUS 90 (with minimum grade of “C” in each), and be officially enrolled in BUS 170 section 7 (prerequisites are strictly enforced!). It is also assumed that students are familiar with basic concepts of accounting and algebra. Furthermore, it is assumed that students are sufficiently computer-literate to generate EXCEL-spreadsheet analyses of the problems and cases addressed in the course.

Course Information and Policies

The course syllabus provides a general plan for the course, deviations may be necessary

A. Course Materials

- (1) **Required Textbook: Ross, Westerfield, and Jordan (RWJ), *Fundamentals of Corporate Finance*, 8th edition, McGraw-Hill.**
- (2) **Class handouts**, to be distributed via WebCT.
- (3) The **Wall Street Journal**, the **Financial Times**, **Business Week**, the **Economist**, **Fortune**, **Forbes**, and/or any other relevant financial publication. Students are strongly encouraged to look for current examples and applications of the financial topics covered during the lectures.
- (4) It is **necessary** that you have a **financial calculator** to use throughout the course. **Bring your calculator to each class!** Many textbook problems require complex arithmetic operations, and a financial calculator is necessary to solve these problems efficiently. This is especially true for exams! Students can elect any financial calculator for the class; nevertheless, I personally recommend you use the **Texas Instrument BA II Plus**.

B. Attendance

Attendance is not mandatory. Nevertheless, each student is expected to attend all scheduled class meetings for the entire duration of the class meeting. An attendance sign-up sheet may be circulated each class period but not for grade. A consistent attendance is essential for your performance in this course. Many students find finance concepts difficult to grasp. Missing classes will only make the process of absorbing this material more difficult. I also present material in class that may not be found in the text. If you find yourself falling behind or you are having problems with the material, I encourage you to come to see me during my office hours. In addition, remember that your classmates can be a very valuable resource. Ask them questions, share your thoughts and doubts, study with them, and collaborate with them when solving the problems at the end of the chapters in the textbook.

C. Academic Integrity

Students should know the University's Academic Integrity Policy that is available at http://www.sa.sjsu.edu/download/judicial_affairs/Academic_Integrity_Policy_S07-2.pdf.

Your own commitment to learning, as evidenced by your enrollment at San Jose State University and the University's integrity policy, require you to be honest in all your academic course work. Faculty members are required to report all infractions to the office of Student Conduct and Ethical Development. The website for Student Conduct and Ethical Development is available at http://www.sa.sjsu.edu/judicial_affairs/index.html

Instances of academic dishonesty will not be tolerated. Cheating on exams or plagiarism (presenting the work of another as your own, or the use of another person's ideas without giving proper credit) will result in a failing grade and sanctions by the University. For this class, all assignments are to be completed by the individual student unless otherwise specified. If you would like to include in your assignment any material you have submitted,

or plan to submit for another class, please note that SJSU's Academic Policy F06-1 requires approval of instructors.

D. Exams and Grading

There will be three exams given during the semester: The "Mid-Term" Exam 1 will cover the material in chapters 1, 2, 3, and 5. The "Mid-Term" Exam 2 will cover the material in chapters 6-9. The Final Exam will be comprehensive, i.e. it will be based on the whole course/semester. The exams (Mid-Terms and Final) are closed-book and are based on assigned readings, lectures, cases and homework-problems as indicated in the sessions. A Financial Calculator is necessary during examinations.

The Grade weights will be:

- "Mid-Term" Exam 1	30%
- "Mid-Term" Exam 2	35%
- Final Exam	35%

There will be no possible make-up exams for Exams 1 and 2. If you miss a scheduled in-term exam (i.e., Exam 1 or Exam 2), you must notify me as soon as possible, and provide a documented reason for your absence. If I deem that your reason is sufficient to warrant an absence from the exam, the weight of the missed in-term exam will be added to the final exam (thus, your final exam score will count toward 55% of your total course grade average). If I do not consider your excuse sufficient to warrant an absence from the exam, you will be assigned a grade of zero if you fail to take the exam. This policy will only count for one in-term exam. If you miss both in-term exams, you will receive a grade of zero on the second missed exam.

No extra-credit work is offered in any forms in this class.

Your final grade for the course is based on the distribution below and follows a standard 100 percent scale. A+ (98-100), A (92-97), A- (89-91), B+ (86-88), B (82-85), B- (79-81), C+ (76-78), C (69-75), D (60-68), and F (below 60).

E. Returning Tests and Grievance Procedure

Graded tests will be returned one week after being administered. Anyone feeling that a dispute exists after the grading of a test may submit a **written grievance**. This grievance should identify the item in dispute and the arguments supporting the student's position. The grievance should be stapled to your exam/quiz and must be submitted within one week following the return of the assignment. The instructor agrees to provide a response to the student's grievance within one week from the receipt of the grievance.

F. Students with Disabilities

“If you need course adaptations or accommodations because of a disability, or if you need special arrangements in case the building must be evacuated, please make an appointment with me as soon as possible, or see me during office hours. Presidential directive 97-03 requires that students with disabilities requesting accommodations must register with DRC to establish a record of their disability.”

G. Incomplete

An **incomplete** will be granted only in the most unusual circumstances and is **not permitted simply to avoid a low grade**. In order to grant an incomplete, the instructor must obtain the permission from the Chair of the Accounting and Finance Department.

H. Add/drops, withdrawal, etc.

“You are responsible for understanding the policies and procedures about add/drops, academic renewal, withdrawal, etc...”. Information on add/drops are available at <http://info.sjsu.edu/web-dbggen/narr/soc-fall/rec-324.html>. Information about late drop is available at <http://www.sjsu.edu/sac/advising/latedrops/policy/> . Students should be aware of the current deadlines and penalties for adding and dropping classes.

I. Tentative Course Schedule

The course schedule provides a general plan for the course, deviations may be necessary.

Class #	Dates	Topics to be covered	Assigned Readings (RWJ)
1 2	Jan 26 Jan 28	Introduction to Corporate Finance	Chapter 1
3 4	Feb 2 Feb 4	Financial Statements, Taxes, and Cash Flows	Chapter 2
5 6 7 8	Feb 9 Feb 11 Feb 16 Feb 18	Working with Financial Statements	Chapter 3
9 10	Feb 23 Feb 25	Introduction to Valuation: The Time Value of Money	Chapter 5
11	Mar 2	Discounted Cash Flow Valuation	Chapter 6
12	Mar 4	Exam 1	Chapters 1-5
13 14	Mar 9 Mar 11	Discounted Cash Flow Valuation	Chapter 6
15 16	Mar 16 Mar 18	Interest Rates and Bond Valuation	Chapter 7
17 18	Mar 30 Apr 1	Stock Valuation	Chapter 8

Class #	Dates	Topics to be covered	Assigned Readings (RWJ)
19 20	Apr 6 Apr 8	Net Present Value and Other Investment Criteria	Chapter 9
21	Apr 13	Making Capital Investment Decisions	Chapter 10
22	Apr 15	Exam 2	Chapters 6-9
23 24	Apr 20 Apr 22	Making Capital Investment Decisions	Chapter 10
25 26 27	Apr 27 Apr 29 May 4	Return, Risk, and the Security Market Line	Chapter 13
28 29 30	May 6 May 11 May 13	Cost of Capital	Chapter 15
31	May 20	Final Exam - Section 17 (12:15 – 14:30)	ALL Chapters

College of Business Policies and Procedures

To ensure that every student, current and future, who takes courses in the Boccardo Business Center has the opportunity to experience an environment that is safe, attractive, and otherwise conducive to learning, the College of Business at San José State University has established the following policies:

Eating

Eating and drinking (except water) are prohibited in the Boccardo Business Center. Students with food will be asked to leave the building. Students who disrupt the course by eating and do not leave the building will be referred to the Judicial Affairs Officer of the University.

Cell Phones

Students will turn their cell phones off or put them on vibrate mode while in class. They will not answer their phones in class. Students whose phones disrupt the course and do not stop when requested by the instructor will be referred to the Judicial Affairs Officer of the University.

Computer Use

In the classroom, faculty members allow students to use computers only for class-related activities. These include activities such as taking notes on the lecture underway, following the lecture on Web-based PowerPoint slides that the instructor has posted, and finding Web sites to which the instructor directs students at the time of the lecture. Students who use their computers for other activities or who abuse the equipment in any way, at a minimum, will be asked to leave the class and will lose participation points for the day, and, at a maximum, will be referred to the Judicial Affairs Officer of the University for disrupting the course. (Such referral can lead to suspension from the University.) Students are urged to report to their instructors computer use that they regard as inappropriate (i.e., used for activities that are not class related).

Academic Honesty

Faculty will make every reasonable effort to foster honest academic conduct in their courses. They will secure examinations and their answers so that students cannot have prior access to them and proctor examinations to prevent students from copying or exchanging information. They will be on the alert for plagiarism. Faculty will provide additional information, ideally on the green sheet, about other unacceptable procedures in class work and examinations. Students who are caught cheating will be reported to the Judicial Affairs Officer of the University, as prescribed by Academic Senate Policy S04-12.

Mission

The College of Business is the institution of opportunity, providing innovative business education and applied research for the Silicon Valley region.