

Syllabus

BUS 170, Section 3 Fundamentals of Finance

Instructor:	Bahram Parineh
Lecture:	BBC 003, Tuesday/Thursday Mornings 9:00 – 10:15
Office:	BT 857
Office Hours:	Thursday Mornings 10:30 – 12:00
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Course Objectives and Topics:

This course is designed to provide an understanding of financial decision-making from the point of the corporate financial manager. This course will illustrate the basic principles of financial management and apply them to the main decisions faced by the financial manager. Students successfully completing this course will discover and understand:

- The Financial Environment
- Time Value of Money
- Stocks and Bonds Valuation
- Capital Budgeting
- Risks and Returns
- Cost of Capital
- Analysis of Financial Statements

Prerequisites:

Bus 20, Bus 21, Econ 1A, Econ 1B, Bus 90 (with minimum grade of “C” in each).

Required Text and Equipment:

Fundamentals of Corporate Finance, by Brealey, Myers and Marcus, FIFTH Edition (2007)

Financial Calculator (recommended)

Teaching Methods:

I look forward to teaching this course and interacting with you throughout the semester about corporate financial analysis and other concerns related with this course that you might have. Class time will be a mixture of lecture and active learning. Active learning will be used to involve you in discussions about the principles in corporate finance and real world practices.

Course Expectations:

Students are required to read assigned reading materials prior to class lectures, participate in class discussions, and complete all homework assignments. Do not be afraid to participate because of the size of the class. If you have a question, never let it go unanswered. If you do not get an opportunity to ask your question during class, stop by my office hours or feel free to contact me via electronic mail (I check it frequently).

Evaluation Criteria:

Your final grade for the course is based on the distribution below and follows a standard 100 percent scale.

<i>Final Grade</i>	<i>Percentile</i>
A+	98 – 100
A	92 – 97
A-	88 – 91
B+	85 – 87
B	81 – 84
B-	78 – 80
C+	75 – 77
C	71 – 74
C-	67 – 70
D+	64 – 66
D	60 – 63
D-	59.4 and below

Grading in the course will be based upon quizzes, two mid-semester exams, and a final exam. Quizzes and exams will include multiple choice and short answer questions based on lecture material, homework problems, and assigned readings. **Homework will not be graded or collected, but it is strongly recommended that students complete all assigned problems, as they will be thoroughly discussed in class and an integral practice tool for quizzes and exams.** It is also strongly recommended that students complete all self-tests as they read through assigned chapters.

<i>Tasks</i>	<i>% of Course Grade</i>
Practice Quizzes (8 Quizzes)	10%
Exam I	25%
Exam II	25%
Final Exam	40%
Total	100%

Makeup Exam:

Makeup exams are given only for excused absences or if the student has obtained the instructor's prior approval. If you miss a quiz or exam with a non-excused absence you will receive a zero for the exam. The university defines the following as excused absences: illness of the student or death of a member of the student's immediate family; University sponsored trips; or

major religious holidays. In each foreseen case, **written verification will be required as least one week before the scheduled exam and permission to miss an exam must be secured before the scheduled exam time unless the cause of the absence is unforeseen.** **IF YOU MISS AN EXAM FOR AN UNFORESEEN REASON, YOU SHOULD CONTACT ME AS SOON AS YOU ARE PHYSICALLY ABLE TO PICK UP THE PHONE AND CALL ME OR EMAIL ME.** The makeup exam will be held at one time during the week following the regularly scheduled exam time. While the difficulty level will not differ from the regular exam, the format of the makeup exam will be primarily essays to expedite administering and returning the exam.

Class Etiquette:

During this class, you are expected to behave as you would in a business environment.

- Arrive on time
- Be respectful towards others in class
- Participate in class discussions
- Notify me in advance if you are unable to attend class
- Absolutely no cell phones in class
- Silent eating and drinking are permitted

Ethical Behavior:

Cheating and plagiarism are not tolerated at San Jose State University. Anyone caught cheating will be penalized severely. The full penalty will be determined in consultation with the Chair of the Accounting and Finance Department. At a minimum, you will receive an F for the course and likely much worse, just don't do it!

Calculator:

A financial calculator is recommended but not required. It is useful for solving present value and future value problems. **Any financial calculators will be fine, though it is your responsibility to learn how to use it.** You can find some information about how to use financial calculators from our text (Appendix A). The alternative choice is to use the present value tables.

The present value tables are available from our textbook (Appendix A). Please bring your own calculator and I will give you the present value tables for the quizzes and exams.

Returning Exams and Grievance Procedures:

Graded exams will be returned one week after the scheduled day of the exam. Anyone feeling that a dispute exists after the grading of an exam may **submit a written grievance**. This grievance should identify the item in dispute and arguments supporting the student's position. The grievance should be stapled to your exam and must be submitted within two class periods following the return of the assignment. The instructor agrees to return written response to the student's grievance within two class periods from the receipt of the grievance.

Disabilities:

If you have any condition, such as a physical or learning disability, that will require academic accommodations, please notify me in the first two weeks of the course with the proof from the university Disability Resource Center (DRC) at the Administration Building room 110.

Incomplete:

An incomplete will be granted only in the most unusual circumstances and is not permitted simply to avoid a low grade. If you would like to (confidentially) discuss problems you are having with me, do so as soon as possible (and in particular) before exams.

Tentative Course Schedule:

<i>Class</i>	<i>Date</i>	<i>Topic</i>	<i>Assigned Readings / Homework Problems (HW)</i>
1	8/23	Introduction / The Firm and the Financial Manager	Read Ch. 1 and complete self-tests, HW 6, 18, 22, 23, 27
2	8/28	Accounting and Finance	Read Ch. 3 and complete self-tests
3	8/30	Accounting and Finance (continued)	Ch. 3 HW 2, 16, 18, 20
4	9/4	Financial Statement Analysis	Read Ch. 17 and complete self-tests
5	9/6	Financial Statement Analysis (continued)	Ch. 17 HW 1, 16, 17, 25
6	9/11	Quiz , Time Value of Money	Read Ch. 4
7	9/13	Time Value of Money	Ch. 4 self-tests
8	9/18	Time Value of Money (continued)	Ch. 4 HW 4, 7, 8, 11, 14, 17, 25, 34, 38, 42, 48
9	9/20	Quiz , Valuing Bonds	Read Ch. 5
10	9/25	Valuing Bonds (continued)	<i>Review for Exam 1 (Chapter 1, 3, 4, 17)</i>
11	9/27	EXAM 1	Ch. 5 self-tests
12	10/2	Valuing Bonds (continued) / Valuing Stock	Ch. 5 HW 7, 8, 11, 12, 13, 17, 21, Read Ch. 6
13	10/4	Quiz , Valuing Stock (continued)	Ch. 6 self-tests
14	10/9	Valuing Stock (continued)	Ch. 6 HW 3, 6, 7, 13, 18, 19, 20, 29
15	10/11	Quiz , Net Present Value	Read Ch. 7
16	10/16	Net Present Value	Ch. 7 self-tests
17	10/18	Net Present Value (continued) / Other Investment Criteria	Ch. 7 HW 9, 15, 22, 23, 31, 33
18	10/23	Quiz , Other Investment Criteria	Read Ch. 10
19	10/25	Risk, Return and the Opportunity Cost	<i>Review for Exam 2 (Chapter 5, 6, 7)</i>
20	10/30	EXAM 2	Ch. 10 self-tests

21	11/1	Risk, Return and the Opportunity Cost (continued)	Ch. 10 HW 4, 9, 17, 22
22	11/6	Risk, Return and the Opportunity Cost (continued)	Read Ch. 11
23	11/8	Quiz , Capital Budgeting	Ch. 11 self-tests
24	11/13	Capital Budgeting	Ch. 11 HW 5, 11, 18, 21, 22
25	11/15	Quiz , Capital Budgeting (continued) / The Cost of Capital	Read Ch. 12
26	11/20	The Cost of Capital (continued)	Ch. 12 self tests, HW 1, 2, 5, 8, 9, 11
27	11/22	Thanksgiving Holiday	
28	11/27	Quiz , The Cost of Capital (continued)	Read Ch. 23 and Read Ch. 24
29	11/29	Options Tutorial	Practice Final 1
30	12/4	Review Practice Final 1	<i>Prepare for Final Exam</i>
31	12/6	Open questions review for Final Exam	<i>Prepare for Final Exam</i>
32	12/18	FINAL EXAM 7:15am – 9:30 am	

(Tentative schedule is subject to minor changes)