2015

FINC 300-05 Business Finance

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Xavier University

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Xavier University
FINC 300-05: Business Finance - Spring 2015
Tuesday/Thursday 1:00-2:15 pm, Smith 349
Instructor: Tim Kruse Office: 232 Smith Hall
E-mail: kruset@xavier.edu Office Phone: 513-745-3075
Office Hours: Tuesday/Thursday 9:00 a.m. to 10:00 a.m. and 12:00 p.m. to 1:00 p.m.
Tuesday 4 to 6 p.m.

Mission of the Williams College of Business:
We educate students of business, enabling them to improve organizations and society, consistent with the Jesuit tradition.

The Williams College of Business has chosen to emphasize the following learning goals in its undergraduate business curriculum.

1. **Critical Thinking:** WCB graduates will be able to think logically, reason quantitatively, and utilize appropriate analytical techniques and technology when evaluating and making decisions.

2. **Ethics and Social Responsibility:** WCB graduates will be able to recognize ethical issues, discern moral implications of decision making, and be prepared, and willing, to serve as responsible and professional members of society.

3. **Effective Written and Oral Communication:** WCB graduates will be able to organize, support and communicate ideas clearly and effectively, employ multiple mediums of communication (e.g., written, oral and visual), and adapt communication to audience, context or purpose.

4. **Global Perspective and Cultural Diversity:** WCB graduates will appreciate the historical and cultural contexts of the world in which they live, demonstrate the competencies required for engaging in global business activities, and respect and value diverse peoples and perspectives.

5. **Understanding and Application of Knowledge Across Business Disciplines:** WCB graduates will be able to evaluate business from an integrative and holistic point of view, leverage the synergies between functional business areas, and demonstrate college-level mastery of their chosen discipline.

6. **Personal and Professional Development:** WCB graduates will be well-prepared for their future careers and appreciate the importance of continuous professional development and life-long learning.

**Course Objectives:** This course is designed to introduce students to financial management and convey an understanding of the role of finance in the management scheme of modern organizations. In particular, I will focus on the big decisions that are typically made by corporations. The course will also introduce students to spreadsheets and sources of financial information on the web. The course is designed to prepare those students with an interest in additional finance courses with the foundation needed to continue in the curriculum. Ultimately my goal is to help students understand how finance will affect them professionally and personally. Additionally, I will spend some time covering the important finance related topics in the news.
Prerequisites: Finance 300 students must have completed Accounting 200.

Student Learning Outcomes: After completing this course students should be able to: distinguish between debt and equity, analyze and calculate common financial ratios, apply time value of money formulas, value stocks and bonds, estimate cash flows, evaluate an investment decision, estimate a firm's cost of capital, discuss the role of risk in investment and financing decisions, and discuss firms’ capital structure and dividend policies.

Course Materials: Ross, Westerfield, and Jordan, Essentials of Corporate Finance, whatever edition, McGraw-Hill/Irwin. I will post additional materials including articles and Power Points on Canvas. All outside announcement will be made through Canvas.

Classes: Each class will be a mix of lecture/presentation, discussion, and group problem solving. You are encouraged to participate through questions and comments. Bring your calculator and textbook to each class meeting to ensure active learning. The typical class meetings will begin with a short discussion of issues raised in the news.

Attendance is not mandatory, however, it is strongly recommended. While I do provide PowerPoint slides, there will be “holes” in them. Students are responsible for all in-class announcements (which will be in the first few minutes of class) and schedule changes.

Calculators: It is the student’s responsibility to obtain a usable calculator before the first exam – no smart phones are allowed during exams NOR may they be visible in any way.

Xavier University policies regarding privacy rights, incomplete work and attendance, and academic honesty will be strictly enforced. If an incident of academic dishonesty occurs, the most severe disciplinary action will be taken. Please see the current University catalog.

Homework: There will be 3 homework assignments, which will be distributed about one week before they are due. You can work the assignments on your own or in groups of two or three people. Students having difficulty with the problems are encouraged to see me. All assignments are due at the start of class. As I provide solutions on the due date, NO late assignments will be accepted under any circumstances.

Quizzes: There will be a minimum of six unscheduled quizzes. These will be at the end of selected classes based on the material covered that day. The time frame will be about 15 minutes depending on the nature of the quiz. Undocumented absences will receive a score of zero. I will drop the lowest score.

Students with disabilities: Students with disabilities who need special arrangements in classes and exams must inform the instructor as soon as possible but no later than the week before the first midterm.
Grading: I will provide theoretical grade distributions following the first two exams.

<table>
<thead>
<tr>
<th>Component</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exams (3 at 100 points each)</td>
<td>300</td>
</tr>
<tr>
<td>Quizzes</td>
<td>50</td>
</tr>
<tr>
<td>Homework (3 at 25 points each)</td>
<td>75</td>
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<tr>
<td>Total</td>
<td>425</td>
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Exams: Exams most likely will be a mixture of short essay questions, Multiple Choice questions, short answers, and problems. Partial credit is given on exams and all work must be shown on the problems. Any questions regarding grading of assignments or exams must be addressed within one week of return of the graded assignment or exam to the student.

Make-Up Exams: All exams must be taken on the date specified in the course calendar unless I grant approval of a make-up exam PRIOR to that date. Without prior approval, make-up opportunities are limited to documented emergencies, the determination of which is up to my discretion. The sooner you contact me about any problems, the better your chances of working something out. It will be the student’s responsibility to schedule a time for a makeup exam before the next class meets – no exceptions.

Extra credit: To ensure fairness, no individual extra credit work is available. However, there probably will be a few instances where I give the entire class a chance to earn some extra points.

Important Dates
February 12 (Thursday) – test 1
March 3 & 5 – Spring break – No Class
March 10 (Tuesday) – No Class
March 24 (Tuesday) – test 2
April 2 (Thursday) – Easter break – No class
May 7 (Tuesday of Finals week) – test 3 – 10:30 a.m. to 12:20 p.m.

Topic List (subject to change)
1. Overview of Finance – Chapter 1
2. Overview of financial statements – Ch 2, Sections 1 to 3
3. Working with financial statements – Ch 3
4. Time Value of Money – Chapter 4
5. Discounted Cash Flow Valuation – Chapter 5
6. Interest Rates and Bond Valuation – Chapter 6
7. Equity Markets and Stock Valuation – Chapter 7
8. Net Present Value etc – Chapter 8
9. Making Capital Investment Decisions – Chapter 9
10. Capital Market History – Chapter 10
11. Risk and Return – Chapter 11
12. Cost of Capital – Chapter 12
13. Payout policy - Chapter 14
14. Raising capital – Chapter 15