550-1S-1SA Fundamentals of Finance

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Xavier University

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FINC 550: Fundamentals of Finance
Online Summer I 2016
Syllabus

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E-mail: hylandd@xavier.edu
Mailbox Location: 2nd Floor Smith Hall
Office hours: To be announced weekly on Canvas (canvas.xavier.edu)

COURSE DESCRIPTION:
The course introduces the basic principles, concepts and analytical tools of financial management with special emphasis on the corporation.

COURSE OBJECTIVE:
Understand the fundamental concepts necessary for financial management, while focusing on such basic questions as:
1. What long-term investments should the company take on?
2. Where will the company get the long-term financing to pay for the investment?
3. How will the company manage everyday financial activities such as collecting from customers and paying suppliers

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 and forecast cash flows
• evaluate an investment decision
• estimate a firm's cost of capital
• discuss the role of risk in investment and financing decisions
• discuss capital structure
• compare and identify ethical issues in finance

PREREQUISITES: (ACCT 500 or Financial Accounting 500) and (STAT 500 or Statistics 500)
NOTE: You will struggle a lot in this class without a decent understanding of financial accounting and ability to do algebra.

REQUIREMENTS/MATERIALS FOR THE COURSE:

HOMEWORK and TESTING SOFTWARE: McGraw-Hill Connect. Use the following link to create an account in Connect for this class. This is a strict requirement for the course. The subscription to connect comes with the online textbook. For those interested in a paper copy I would suggest buying an older edition of the book – the content has not changed.

Webcam: You will need a webcam if you wish to take your exams remotely and it will be useful in participating in online office hours.

Tablet Apps: McGraw-Hill has SmartBook which is a way to access and read the book on your tablet and LearnSmart which is another great way to learn the material. These are available through Connect as well on your computer.

Calculator: I will work some problems in the video lecture notes with a Texas Instruments BA II Plus. I do not think it is necessary for the course but can be a useful tool for a couple types of problems. In general I think students are better off learning the algebra for problems instead of relying on a “black box”. If you do not use the TI calculator, you will need a calculator with an exponent key ($y^x$)

EVALUATION:

<table>
<thead>
<tr>
<th>Part</th>
<th>Percent</th>
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<tbody>
<tr>
<td>Participation</td>
<td>5%</td>
</tr>
<tr>
<td>Homework</td>
<td>15%</td>
</tr>
<tr>
<td>Midterm 1</td>
<td>35%</td>
</tr>
<tr>
<td>Final Exam</td>
<td>45%</td>
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EXAMS: Exams will be in Connect and similar to problems covered in Connect, the course textbook and Canvas material. The exams will be time constrained. There are three methods for you to take your exams:

1. You may take your exam and record the experience for storage and review in Connect using the Connect product called Tegrity. You will be required to take a picture of your identification at the beginning of the exam and record yourself taking the exam. You will need to have a webcam with microphone turned on and remain at your computer for the length of the exam. After you are finished you will need to leave your computer on and connected to the internet to upload the file of you taking the exam. Instructions will be provided on Canvas. You will not be able to ask any clarifications during the exam but you will have some flexibility on the timing of when you take it.

2. You may come to Xavier at the times listed on the syllabus. This might be a good solution for somebody that is already coming to campus and does not want to deal with conferencing technology.

3. Take the exam using Proctor U to proctor your exam.

Grades are assigned according to the following scale:

<table>
<thead>
<tr>
<th>Range</th>
<th>Grade</th>
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<tbody>
<tr>
<td>94 – 100%</td>
<td>A</td>
<td>75 – 79%</td>
<td>C+</td>
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<tr>
<td>90 – 93%</td>
<td>A-</td>
<td>70 – 74%</td>
<td>C</td>
</tr>
<tr>
<td>87 – 89%</td>
<td>B+</td>
<td>&lt; 70%</td>
<td>F</td>
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<tr>
<td>84 – 86%</td>
<td>B</td>
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<tr>
<td>80 – 83%</td>
<td>B-</td>
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Using any work that is not your own, giving permission to use your work or using any unauthorized information throughout the semester will result in a failing grade in the course and possible expulsion from Xavier University. All students are expected to adhere to Xavier’s Academic Honesty policy as set forth in the catalogue.

Participation:

1. Complete the Ice Breaker activity and respond to two of the posts by other students
2. Complete the information survey in Canvas
3. Post or respond to one discussion question in the discussion board before the midterm
4. Post or respond to one discussion question in the discussion board after the midterm and before the final

**COURSE SCHEDULE**

<table>
<thead>
<tr>
<th>Date</th>
<th>Class Date</th>
<th>Topic/Exam (All chapters in Canvas)</th>
<th>Assignment Due</th>
</tr>
</thead>
</table>
| 1    | 5/9-15       | Course Outline, Class Introductions  
Chapter 1 – Introduction to Corporate Finance  
Chapter 2 – Financial Statements, Taxes and Cash Flows  
Chapter 3 – Working with Financial Statements | Work on Connect Homework for Chapters 1-3          |
| 2    | 5/16-5/22    | Practice/Review Session Online for Online exam on Monday TBA  
Chapter 4 – Long Term Financial Planning and Growth  
Chapter 5 – Introduction to Valuation: Time Value of Money  
Chapter 6 – Discounted Cash Flow Valuation | Monday 11 pm. Connect Homework for Chapters 1-3 due<br>Work on Connect homework for Chapters 4-6 |
| 3    | 5/23-5/29    | Midterm – Take using Tegrity in Connect or Procter U by Friday 5/27 at midnight or take on Xavier Campus in Trading room at 1 pm on Friday 5/27 | Monday Noon.: Connect Homework for Chapters 4-6<br>Wednesday – Friday at midnight -Take Exam<br>Work on Connect homework for Chapters 7-8 |
| 4    | 5/30-6/5     | Chapter 7 – Interest Rates and Bond Valuation  
Chapter 8 – Stock Valuation | Monday 11 pm.: Connect Homework for Chapters 7-8 due |
| 5    | 6/5-6/12     | Chapter 9 – Net Present Value and Other Investment Criteria  
Chapter 10 – Making Capital Investment Decisions | Monday 11 pm.: Connect Homework for Chapters 9 and 10 |
| 6    | 6/13-6/19    | Chapter 12 – Some Lessons from Capital Market History  
Chapter 13 – Return, Risk and the Security Market Line | Monday 11 pm.: Connect Homework for Chapters 9 and 10 due<br>Work on Homework for Chapters 12-13 |
| 7    | 6/20-6/26    | Chapter 14 – Cost of Capital  
Final Exam (Cumulative) – Take using Tegrity in Connect by Saturday (6/25) at midnight or take at Xavier on Friday 6/24 at 1 pm | Work on Homework for Chapters 14<br>Thursday 11 pm.: Connect Homework for Chapters 12-14 due |