BADM 322.04: Business Finance

Tony Crawford

University of Montana - Missoula, tony.crawford@umontana.edu

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Course: Badm 322: Business Finance

Semester: Fall 2002

Section: 01: TR 9:40-11:00  GBB L09

Professor: Tony Crawford
Office: GBB 304
Office Phone: 243-2557
E-Mail: tony.crawford@business.umt.edu
Office Hrs: T 12:00 – 2:00
W 10:00 – 12:00
And By Appointment

Web Site: http://www.business.umt.edu/Faculty/Crawford/default.htm

Course Materials:


Handout Materials: Supplemental materials and problems may be distributed in class from time to time.

Financial Press: Wall Street Journal (Recommended)

Financial Calculator: You do not need a financial calculator to solve the problems in this course. All problems can be done by hand with formulas provided in the text. However, I recommend that students learn to use a HP-10BII financial calculator. Developing a comfort with this calculator will help you to solve more real world problems and will be necessary in higher level Finance courses.
Course Objective:

This course is a junior level introductory course to the field of business finance. Finance is a broad topic and a full introduction to Finance would require introductions to investing, banking, risk management, and corporate financial management. This course will concentrate on corporate financial management. Fortunately there are three fundamental pillars of Finance that extend to all sub fields of Finance. The first pillar is the time value of money, the second is asset valuation and the third is risk management. Many of the tools we develop and the analysis we use is general enough to extend to other areas of finance. A strong understanding of these fundamentals is required for those continuing on to other finance courses. For those not continuing in finance the course provides a necessary introduction to the financial implications of strategic business decisions.

The course provides a fundamental introduction into the mathematics of finance, in particular the time value of money, and the determinants of value. This course will provide students the opportunity to apply these financial tools to such financial management decisions as the allocation of corporate funds, (investment decisions), raising funds, (financing decisions), and day-to-day working capital management. While the emphasis of the material is corporate financial management, the course’s primary emphasis is on the determinants of value. Therefore, much of the material in this class can be extended to investment management and other related areas of finance.

Course Homework, Quizzes, and Exams:

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<td>Quizzes</td>
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Quizzes:

There will be 7 quizzes given during the course of the semester. Quizzes will consist of 10 (2 point) multiple choice questions worth 20 points in all. The quizzes are scheduled on the attached course calendar. Make-up policy: quizzes are given in class and there will be no make-ups without a legitimate and documented excuse. If you are unsure of what constitutes a legitimate excuse reference the student code of conduct handbook. Your lowest score will be dropped so that only 6 scores will count. If you have to miss quizzes for non-excused reasons (i.e. friends weddings, camping trips etc) you can drop that zero as your lowest score.
Homework:

I have chosen select end of chapter questions to be turned in during class. The due dates are as listed in the course schedule. The questions tend to be assigned early in their respective chapter coverage in order to force you to come prepared to class. The grading will be a simple 4 point scale: (4 if your answer is complete and accurate, 3 if the answer is complete and mostly accurate, 2 for a decent try with errors and 1 point if you turned something in). These questions are not necessarily the most important material for any given section; rather, they are assigned to force you to be prepared.

Final Exam:

A 30 question multiple-choice exam will be given finals week and will cover the material from the following chapters:

Chapters 4,5,6,7,8,9,18

Getting Help:

If you have any questions on the material and/or problems assigned you have several options:

(1) Visit me during office. If you cannot see me during office hours see me after class about setting up an appointment.

(2) For simple questions, call me in my office or email me at the address above.

(3) If deemed necessary we may scheduled help sessions outside of class to help you with problems.

Pre-requisites:

Students registered for this course should be juniors or higher in standing and have completed the lower core requirements for the school of business. In the past I have found a very strong correlation between those students struggling with the course material and those students who have not completed the course pre-requisites. Unfortunately the registration process does not filter for pre-requisites. Undoubtedly some of you are registered without having completed the appropriate preliminary course work. I am therefore requiring students to show proof that they have completed course pre-requisites. I will not check all pre-requisites. The courses for which I want proof of completion include:

Accounting 201 and 202
Economics 111 and 112

Proof of completion consists of transcripts or grade sheets. Proof can be made in class or in office hours but must be made before Oct. 1st. Failure to show proof may result in you being dropped from the class roster.

E-mail Address

I will not post any scores. Instead I will distribute scores via e-mail. I will need you to register your preferred e-mail account if you want to receive grades.
Badm 322
Schedule

Week 1:
Tuesday, September 3rd
I. Introduction
Chapter 1: Introduction
Review:
Critical Thinking: 1,2,3,4,5,6,10,12,14

Thursday, September 5th

Week 2:
Tuesday, September 10th
Chapter 2: Financial Statements
Review:
Critical Thinking: 2,3,4,5,6,7,8,9,10
Problems:1,2,3,4,5,6,7,11,12,13,14,15,18,19,21,22

Thursday, September 12th
Financial Statements Continued

Week 3:
Tuesday, September 17th
Chapter 3: Financial Statement Analysis
Review:
Critical Thinking: 1,2,3,7,9
Problems:4,6,7,8,10,16,17,19,23,26,28,29
Homework 1: Chapter 2 (2,6)

Thursday, September 19th
DuPont Model
Homework 2: Chapter 3 (28, 29)

Week 4:
Tuesday, September 24th
Chapter 4: Introduction to Time Value of Money
Review: Critical Thinking: All
Problems: All
Quiz 1

Thursday, September 26th
TVM I Continued

Week 5:
Tuesday, October 1st
Chapter 5: Discounted Cash Flow Valuation
Review:
Critical Thinking: All
Problems: All
Quiz 2

Thursday, October 3rd
No Class
Week 6:
Tuesday, October 8\textsuperscript{th}
TVM II Continued
Thursday, October 10\textsuperscript{th}
Chapter 10: Financial Markets

**Review:**
- Critical Thinking: 2,3,4,5,6,7,8,9,10
- Problems: 1,2,3,4,7,8,9,12,14,16,24,25

**Quiz 3**

Week 7:
Tuesday, October 15\textsuperscript{th}
Chapter 11: Risk and Return

**Review:**
- Critical Thinking: 1,2,3,4,5,6,7,8
- Problems: 1,2,3,4,5,6,7,9,10,12,13,15,14,27,28

Thursday, October 17\textsuperscript{th}
CAPM

Week 8:
Tuesday, October 22\textsuperscript{nd}
Efficient Markets

**Homework 3:** Chapter 11 (28)

Thursday, October 24\textsuperscript{th}
Chapter 6: Bond Valuation 144-169

**Review:**
- Critical Thinking: 2,4,5,6,7,12
- Problems: 1,2,3,4,5,6,7,8,17,18,19,21,24,27

**Quiz 4**

Week 9:
Tuesday, October 29\textsuperscript{th}
Chapter 7: Stock Valuation

**Review:**
- Critical Thinking: 1,2,4,6,11
- Problems: 1,2,3,4,7,8,10,14,15,16,17,19,21-25

Thursday, October 31\textsuperscript{st}
Catch Up

**Homework 4:** Chapter 7 (6,16)

Week 10: (The End!!!!)
Tuesday, November 5\textsuperscript{th}
Movie: Dot Con

**HW 5 TBA**

Thursday, November 7\textsuperscript{th}
Chapter 8: Capital Budgeting

**Review:**
- Critical Thinking: 1,2,3,5,6
- Problems: 1,3,5,6,7,8,9,10,11,12,14,16,17,24,25,26

**Quiz 5**
Week 11:
Tuesday, November 12th  
Capital Budgeting Continued

Thursday, November 14th 
Chapter 9: Cash Flow in Capital Budgeting
Review:
Critical Thinking: 1,2,3,5,6,8,9
Problems: 1,2,3,4,5,6,8,9,10,15,21,22,23,24
Homework 6: Chapter 8 (10,14)

Week 12:
Tuesday, November 19th
Chapter 16: Working Capital
Review:
Critical Thinking: 1,2,3,5,6,10
Problems: 1,2,3,4,5,6,7,8,10,11,13,16,17
Quiz 6
Working Capital Continued

Thursday, November 21st

Week 13:
Tuesday, November 26th
Chapter 17: Short Term Financial Management
Review:
Critical Thinking: 1,2,3,4,6,7,8,15,16,18
Problems: 1,2,3,4,5,6,7,8,9,10,11,12

Thursday, November 28th
No Class Thanksgiving

Week 14:
Tuesday, December 3rd
Catch Up
Quiz 7

Thursday, December 5th
Chapter 18 International Finance
Review:
Critical Thinking: 1,2,3,5,6,8,9
Problems: 1,2,3,4,5,6,7,11,14,15

Week 15: (The End!!!!)
Tuesday, December 10th
International Finance Cont.

Thursday, December 12th
Wrap Up