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FIN 322.30: Business Finance

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**The University of Montana
School of Business Administration
Department of Accounting and Finance**

Summer 2005

Course: Badm 322: Business Finance

Semester: Summer Session II
Time Monday-Friday 7:30 -9:00 AM
Professor: Tony Crawford
Office: GBB 321
Office Phone: 243-2557
E-Mail: tony.crawford@business.umt.edu
Office Hrs: TBA

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

Blackboard: I will maintain a blackboard account for this class. Class communication, handouts, grade books etc. will be maintained on blackboard.

Course Materials:

Text: Ross, Westerfield and Jordon, Essentials of Corporate Finance, 4th Edition, Irwin 2004. (Required)

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 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.

Your Grade:

Exams:	4 @ 100 Points each	400
Homework	5 @ 20 points each (I will score the best 5)	100
Quizzes	Best 5@ 20 Points each	50
Participation		50
Total		600

My philosophy on curving is as follows: I believe curves should be used to mend my mistakes. If I believe that an exam was too difficult I may curve your scores. If on the other hand attendance is low and I do not receive any active participation in the classroom, I will assume that low scores are the result of lack of preparation and I will not feel motivated to curve. University policies regarding plus and minus grading will be followed. A tentative grade distribution is:

$A \geq 93$	$72 \leq C < 78$
$90 \leq A- < 93$	$70 \leq C- < 72$
$88 \leq B+ < 90$	$68 \leq D+ < 70$
$82 \leq B < 88$	$62 \leq D < 68$
$80 \leq B- < 88$	$60 \leq D- < 62$
$78 \leq C+ < 80$	$F < 60$

Exams:

There will be 4 exams given during the course of the semester. Exams will typically consist of 25 (4 point) multiple choice questions worth 100 points in all. (The exams may be administered through blackboard). The exams are scheduled on the attached course calendar. Make-up policy: exams 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.

Homework:

You learn finance by doing it, so I will collect homework throughout the semester. The homework assignments and due dates are included in the class schedule below.

Review Problems:

In addition to the homework collected, I have assigned select end of chapter questions and problems that I feel reflect the types of questions and problems you should be able to answer on a quiz or exam. These problems will **not** be collected. Solutions will be published on my web page and we will go over some in class. The solutions will not be published until we have covered a significant portion the material in a chapter. This should encourage you to attempt chapter homework in advance without the help of solutions.

In class assignments:

As I said above, we learn finance by doing, so I will provide in class problems from time to time. Many of these problems will be Excel based, so you should become comfortable using excel to solve problems. (You can also use Excel on exams)

Participation

Believe it or not learning requires your active participation☺. I will award participation points for any and all positive contributions to the class. This includes but is not limited to:

1. Good questions
2. Answers to class questions

Participation requires more than simple attendance, al though that is certainly a pre-requisite.

Prep Quizzes:

I will give unannounced "pop" quizzes on material that you are to have prepared for class. These quizzes will typically be short 5 question quizzes and will cover rudimentary material from the chapter (including definitions, and simple problems). The quizzes will be administered in blackboard, and will typically be given before we start new material or early in the coverage of the material. Be prepared and read the material in advance of class.

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 schedule 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 July 7th. Failure to show proof may result in being dropped from the class roster.

My Expectations of You and Hints on Getting a Good Grade:

1. Read the assigned chapters ahead of class – my lectures are meant to supplement, and not replace the book.
2. Attempt homework early and without the help of solutions
3. Come to class – I do not take attendance but I do expect you to be here.

Cheating:

There appears to be an increase in the occurrences of cheating in the class room. Cheating will not be tolerated and anyone caught cheating will be punished to the fullest extent allowed by the University, including possible expulsion. If for some reason you are unsure of what constitutes cheating, obtain a copy of the student code of conduct. If you do not want to learn this material, save yourself some money and drop the course.

Classroom Rules:

1. No talking in class – it is a distraction to other students and myself.
2. No reading and rattling newspapers in class – see above.

**Fin 322
Tentative Schedule**

Week 1	Reading and Review	Homework Collected
M 6/27	Introduction and Instructions	
T 6/28	Chapter 1: Introduction Review: Critical Thinking: all	
W 6/29	Chapter 2: Financial Statements Review: Critical Thinking: 1-4,6-9 Problems: all	
R 6/30	Chapter 3: Financial Statement Analysis Review: Critical Thinking: 1-7 Problems: 1-19, 22-37	(2)Problems: 14,16, 22
F 7/1	Chapter 3 Cont	(3)Problems: 26,34,42
Week 2		
M 7/4	No Class	
T 7/5	Catch Up	
W 7/6	Exam 1	
R 7/7	Chapter 4: Introduction to Time Value of Money Review: Critical Thinking: All Problems: All	
F 7/8	TVM I Continued	(4)Problems: 18,20,22

Week 3	Reading and Review	Homework Collected
M 7/11	Chapter 5: Discounted Cash Flow Valuation Review: Critical Thinking: All Problems: All	
T 7/12	TVM II Continued	(5)Problems:20,30,40
W 7/13	Exam 2	
R 7/14	Chapter 10: Risk and Return 1 Review: Critical Thinking: all Problems: 1-21,24,25	
F 7/15	Chapter 11: Risk and Return Review: Critical Thinking: 1-9 Problems: 1-17,22,31,32,33,35,38	
Week 4		
M 7/18	Chapter 11 Cont.	(11)Problems: 10,16,32
T 7/19	Chapter 6: Bond Valuation 144-169 Review: Critical Thinking: 4,5,6,8,9 Problems: 1-8, 15-21	
W 7/20	Catch Up	(6)Problems: 8,16,18
R 7/21	Exam 3	
F 7/22	Chapter 7: Stock Valuation Review: Critical Thinking: 1-8 Problems: all	
Week 5		
M 7/25	Chapter 8: Capital Budgeting Review: Critical Thinking: all Problems: all	(7)Problems: 10,12,18
T 7/26	Chapter 8	(8)Problems: 16,18,22
W 7/27	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	
R 7/28	Chapter 9	
F 7/29	Exam 4	