

9-2003

BADM 322.04: Business Finance

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Recommended Citation

Crawford, Tony, "BADM 322.04: Business Finance" (2003). *Syllabi*. 3469.
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**The University of Montana
School of Business Administration
Department of Accounting and Finance**

Course: **Badm 322: Business Finance**

Semester: Fall 2003

Section: 01: Tuesday and Thursday 9:40-11:00 GBB L123

Professor: Tony Crawford

Office: GBB 304

Office Phone: 243-2557

E-Mail: tony.crawford@business.umt.edu

Office Hrs: Tues 1:00-3:00
 Weds 11:00-1:00
 And By Appointment

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

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 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:

Quizzes:	7 @ 20 Points each, lowest score is dropped	120
Final Exam:		40
Misc.	Following Instructions	5
Total		165

Quizzes:

There will be 7 quizzes given during the course of the semester. Quizzes will typically 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 5 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 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. The problems will not be collected. Solutions will be published on my web page and we will go over some in class.

Final Exam:

A 30 question multiple-choice exam will be given on the last day of class. The exam is semi-cumulative and will cover chapters:

Chapters 4,5,8,9 and 18 (may also include chapters 6 and 7)

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 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**

Chapter 1: Introduction
Review:
Critical Thinking: all

Thursday

Chapter 2: Financial Statements
Review:
Critical Thinking: 1-4,6-9
Problems: all

**Week 2:
Tuesday**

Chapter 3: Financial Statement Analysis
Review:
Critical Thinking: 1-7
Problems: 1-19, 22-37

Thursday

DuPont Model

**Week 3
Tuesday
Thursday**

Catch Up
Chapter 4: Introduction to Time Value of Money
Review: Critical Thinking: All
Problems: All

Quiz 1 (Chapters 1-3)

**Week 4
Tuesday
Thursday**

TVM I Continued
Chapter 5: Discounted Cash Flow Valuation
Review:
Critical Thinking: All
Problems: All

Quiz 2 (Chapter 4)

**Week 5
Tuesday
Thursday**

TVM II Continued
Catch Up

**Week 6:
Tuesday**

Chapter 10: Financial Markets
Review:
Critical Thinking: all
Problems: 1-21,24,25

Quiz 3 (Chapter 5)

Thursday

Catch Up

Week 7
Tuesday

Chapter 11: Risk and Return

Review:

Critical Thinking: 1-9

Problems: 1-17,22,31,32,33,35,38

Thursday

Catch Up

Week 8
Tuesday

Chapter 6: Bond Valuation 144-169

Review:

Critical Thinking: 4,5,6,8,9

Problems: 1-8, 15-21

Quiz 4 (Chapters 10 and 11)

Thursday

Bond Valuation Cont.

Week 9:
Tuesday

Chapter 7: Stock Valuation

Review:

Critical Thinking: 1-8

Problems: all

Thursday

Stock Valuation Continued

Week 10:
Tuesday
Thursday

Catch Up

Chapter 8: Capital Budgeting

Review:

Critical Thinking: all

Problems: all

Quiz 5 (Chapters 6 and 7)

Week 11
Tuesday

Veterans Day

Thursday

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

Week 12
Tuesday

Catch Up

Thursday

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 (Chapters 8 and 9)

Week 13
Tuesday

Working Capital Cont.

Thursday

Thanksgiving

Week 14
Tuesday

Chapter 17: Current Asset Management
Review:

Critical Thinking: TBA
Problems: TBA

Thursday

Chapter 18: International Finance.
Review:

Critical Thinking: TBA
Problems: TBA

Quiz 7 (Chapters 16 and 17)

Week 15
Tuesday
Thursday

Catch Up
Catch Up