BADM 322.04: Business Finance

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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  
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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:  
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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<tbody>
<tr>
<td>Quizzes</td>
<td>7 @ 20 Points each, lowest score is dropped</td>
<td>120</td>
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<td>Final Exam</td>
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<td>Misc.</td>
<td>Following Instructions</td>
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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 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
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
Catch Up

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

Quiz 1 (Chapters 1-3)

Week 4
Tuesday
TVM I Continued

Thursday
Chapter 5: Discounted Cash Flow Valuation
Review:
Critical Thinking: All
Problems: All

Quiz 2 (Chapter 4)

Week 5
Tuesday
TVM II Continued

Thursday
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

Week 8
Tuesday Chapter 6: Bond Valuation 144-169
Review:
  Critical Thinking: 4, 5, 6, 8, 9
  Problems: 1-8, 15-21

Thursday Catch Up

Week 9:
Tuesday Chapter 7: Stock Valuation
Review:
  Critical Thinking: 1-8
  Problems: all

Thursday Stock Valuation Continued

Week 10:
Tuesday Catch Up
Thursday Chapter 8: Capital Budgeting
Review:
  Critical Thinking: all
  Problems: all

Thursday 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
Catch Up

Thursday
Catch Up