

Course	FINC 3210 Principles of Finance	
Term	Summer, 2009	
Instructor	Name: John Chladek Phone: 913-908-1795 Email: john_chladek@hotmail.com	
Catalog Description	Introductory course integrating concepts of corporate finance with investments and the money/capital markets. Topics include the role of money in the economy; the time value of money; financial analysis and planning; security valuation and capital market theory; capital budgeting; short- and long-term financing; and working capital management. Value maximization and risk/return tradeoffs in financial decision making are employed as integrative concepts throughout the course.	
Prerequisites	ACCT 2010 Financial Accounting ACCT 2025 Managerial Accounting	
Course Level Learning Outcomes	Outcome	Expectation
	1. Students can utilize time value of money in decision making	Students can compute the value of cash flows at any point of time. Students can solve problems using time value of money (TVM) equations (<i>TVM tables are not to be used</i>). After demonstrating mastery of the equations, students may use financial calculators to solve problems. They can solve equations involving a single payment, an annuity or complex cash flows. Students can choose among investment opportunities, payment arrangements, etc. based on these calculations.
	2. Students can estimate the intrinsic value of investment securities and determine whether or not they should be purchased given the current market price.	Students can calculate the value of bonds using TVM equations and the value of equity securities using the dividend discount model. They can determine whether these represent good investment opportunities by comparing intrinsic value to market price.
	3. Students can utilize financial statement analysis to make decisions.	Students can evaluate corporate performance using comparative analysis. Based on this analysis they can relate strengths and weaknesses and make and support recommendations to improve performance.

	<p>4. Students can make capital budgeting decisions based on NPV and IRR.</p>	<p>Students can estimate cash flows and risk and use these values to compute NPV and IRR. Students can adjust cash flows to account for changes in working capital, asset disposal, and depreciation. Students can make purchase decisions based on these calculations. Students can explain how to make decisions when capital constraints exist or when projects are mutually exclusive.</p>								
	<p>5. Students can discuss the impact of risk on cost of capital.</p>	<p>Students can explain how risk impacts the returns on debt securities. They can discuss the impact of interest rate risk, default risk and debt features (callability, collateral, etc.) on bond yields. Students can also discuss the relationship between risk and equity returns. They demonstrate a cursory knowledge of beta as a measure of market risk.</p>								
	<p>6. Students can discuss the benefits and disadvantages of selecting debt or equity to finance corporate activities.</p>	<p>Students can discuss the differences between debt and equity and explain why a corporation might select one over the other. Students can also explain the impact of debt on risk and financial flexibility.</p>								
<p>Materials</p>	<p>Principles of Managerial Finance, Brief Edition, Gitman, Lawrence J., Addison-Wesley Publishers, 4th Edition, 2006. ISBN-10: 0321334302 ISBN-13: 9780321334305 Access to the <i>Wall Street Journal</i> and other financial publications.</p> <p>Text is available through MBS Direct Books at 1-800-352-3252 or www.mbsdirect.net. Checks and credit cards accepted.</p>									
<p>Grading</p>	<table border="1" data-bbox="375 1423 1027 1577"> <tr> <td></td> <td style="text-align: center;">%</td> </tr> <tr> <td>Exam 1</td> <td style="text-align: center;">40%</td> </tr> <tr> <td>Exam 2</td> <td style="text-align: center;">40%</td> </tr> <tr> <td>Homework</td> <td style="text-align: center;">20%</td> </tr> </table> <p>The UNDERGRADUATE catalog provides these guidelines and grading options:</p> <ul style="list-style-type: none"> • A, A- superior work in the opinion of the instructor • B+, B, B- good work in the opinion of the instructor • C+, C, C- satisfactory work in the opinion of the instructor • D+, D passing, but less than satisfactory work in the opinion of the instructor • I incomplete work in the opinion of the instructor • ZF An incomplete which was not completed within one year of the end of the course • F unsatisfactory work in the opinion of the instructor; no credit is granted • W withdrawn from the course • IP course in progress 			%	Exam 1	40%	Exam 2	40%	Homework	20%
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Exam 1	40%									
Exam 2	40%									
Homework	20%									

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| | <ul style="list-style-type: none">• NR not reported for the course• Z a temporary designation given by the registrar indicating that the final grade has not been submitted by the instructor. When the final grade is filed in the Office of the Registrar, that grade will replace the Z. |
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<p>Activities</p>	<p>Class time will be devoted to lecture, discussion and analysis of assigned problems. Students should complete readings prior to class meetings. Problems are due the week following the corresponding chapter and lecture.</p> <p>The most effective way to learn this material is through practice. You should be prepared to spend considerable time on problem solving. Towards this end I will distribute a set of problems at the end of each class period. These will be collected on a weekly basis. I strongly encourage you to work together on the problems. If needed help sessions may be scheduled on non-class days.</p> <p>Unannounced quizzes may be given either prior to or after covering a chapter in class. The text's website and the self-study CD accompanying the text contain numerous practice questions from each chapter.</p>
<p>Policy Statements:</p> <p>University Policies</p>	<p>University policies are provided in the current course catalog and course schedules. They are also available on the university website. This class is governed by the university's published policies. The following policies are of particular interest:</p> <p><i>Academic Honesty</i></p> <p>The university is committed to high standards of academic honesty. Students will be held responsible for violations of these standards. Please refer to the university's academic honesty policies for a definition of academic dishonesty and potential disciplinary actions associated with it.</p> <p><i>Drops and Withdrawals</i></p> <p>Please be aware that, should you choose to drop or withdraw from this course, the date on which you notify the university of your decision will determine the amount of tuition refund you receive. Please refer to the university policies on drops and withdrawals (published elsewhere) to find out what the deadlines are for dropping a course with a full refund and for withdrawing from a course with a partial refund.</p> <p><i>Special Services</i></p> <p>If you have registered as a student with a documented disability and are entitled to classroom or testing accommodations, please inform the instructor at the beginning of the course of the accommodations you will require in this class so that these can be provided.</p> <p><i>Disturbances</i></p> <p>Since every student is entitled to full participation in class without interruption, disruption of class by inconsiderate behavior is not acceptable. Students are expected to treat the instructor and other students with dignity and respect, especially in cases where a diversity of opinion arises. Students who engage in disruptive behavior are subject to disciplinary action, including removal from the course.</p>

Student Assignments Retained

From time to time, student assignments or projects will be retained by The Department for the purpose of academic assessment. In every case, should the assignment or project be shared outside the academic Department, the student's name and all identifying information about that student will be redacted from the assignment or project

Contact Hours for this Course

It is essential that all classes meet for the full instructional time as scheduled. A class cannot be shortened in length. If a class session is cancelled for any reason, it must be rescheduled.

Course Policies

If you miss class you are responsible for getting notes and assignments. *No late homework will be accepted and missed quizzes will receive scores of zero unless prior approval to miss class is obtained from the instructor.*

Makeup exams will be scheduled only if arranged in advance of the scheduled exam date.

Weekly Schedule

The schedule below presents an approximate expectation of course progress. The instructor reserves the right to add, delete, or modify any weeks of this schedule. Any changes will be announced in class

Week	Chapt	Topic	Recommended Problems	Assignment
Introduction				
1	1	Introduction to Financial Management		Problem Set 1: Assigned
Financial Statement Analysis				
	2	Financial Statements		
Time Value of Money				
2	3	Cash Flow and Financial Planning		Problem Set 2: Assigned
3	4	Time Value of Money		
<i>Exam Chapters 1 to 4</i>				
Security Valuation				
4	6	Bond Valuation		Problem Set 3: Assigned

	5	7	Stock Valuation		Problem Set 4: Assigned	
Capital Budgeting						
	6	8	Capital Budgeting Cash Flows		Problem Set 5: Assigned	
		9	Capital Budgeting Techniques		Problem Set 6: Assigned	
Risk and Return						
	7	10	Cost of Capital		Problem Set 7: Assigned	
	8	<i>Exam: Chapters 6, 7, 8, 9, and 10</i>				
Additional Information	None					

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