

CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS
Fall Semester, 2018

Business Finance (FIN 300)

Instructor: Mr. Cezhan Ambrose

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Office Hours: Goleta Campus, 5:25-6:25pm Tuesdays, Camarillo Campus, 4:55-5:55pm Thursdays

Course Objectives:

This course will discuss basic theories and applications in corporate finance that serve as critical tools in a financial manager's decision-making process. This course is a required course for students entering the B.S. in Business Administration program. Major topics include capital budgeting, types of corporate structures, principles of financial planning, determining the proper use of short and long-term financial resources, costs of capital, time value of money, valuation of stocks and bonds, portfolio theory, and the role of the capital markets.

Prerequisites

ACCT 210 Principles of Financial Accounting

Lectures and Reading Assignments

Required textbook:

Fundamentals of Corporate Finance | Edition: 11

Author: Stephen Ross, Randolph Westerfield, Bradford Jordan

ISBN: 9780077861704

*****Note: Textbooks are available at the Campus bookstore but also can be purchased used at a significant discount at Amazon.com.**

Recommended:

Ivo Welch, Corporate Finance: 3rd Edition, 2014 Hard copy is available for purchase at: <http://book.ivo-welch.info/home/> for \$60 or **online version is available for free!**

Please review one of the following **tutorials available on the course Moodle Site:**

Technology Supplement Financial Calculator Tutorials for **Texas Instruments' BAII Plus**

Technology Supplement Financial Calculator Tutorials for **Sharp's EL-733A**

Technology Supplement Financial Calculator Tutorials for **HP-178II**

Technology Supplement Financial Calculator Tutorials for **HP-10B**

***Technology Supplement Financial Calculator Tutorials for HP-12C**

Class Outline & Schedule:

<u>Week</u>	<u>Date</u>	<u>Class Outline & Assigned Reading</u>
1	Thursday 8/30/18	Course overview, objectives, schedule and goals, and introduction Part 1: Overview of Corporate Finance HW: Read Chapter 1, Introduction to Corporate Finance
2	Thursday 9/6/18	Part 1: Overview of Corporate Finance HW: Read Chapter 2 Financial Statements, Taxes and Cash Flow HW: Read Chapter 3 Working with Financial Statements
3	Thursday 9/13/18	Part 2: Financial Statements and Long-Term Financial Planning HW: Read Chapter 4 Long-Term Financial Planning and Growth
4	Thursday 9/20/18	Part 3: Valuation of Future Cash Flows HW: Read Chapter 5: Introduction to Valuation: The Time Value of Money
5	Thursday 9/27/18	Part 3: Valuation of Future Cash Flows HW: Read Chapter 6 Discounted Cash Flow Valuation
6	Thursday 10/4/18	Part 3: Valuation of Future Cash Flows HW: Read Chapter 7 Interest Rates and Bond Valuation HW: Read Chapter 8 Stock Valuation
7	Thursday 10/11/18	***<u>Time Value of Money Quiz</u>***
8	Thursday 10/18/18	Part 4: Capital Budgeting HW: Read Chapter 9 Net Present Value and Other Investment Criteria
9	Thursday 10/25/18	Part 4: Capital Budgeting HW: Read Chapter 10 Making Capital Investment Decisions HW: Read Chapter 11 Project Analysis and Evaluation Midterm Review
10	Thursday 11/1/18	*** <u>Midterm Examination</u>*** <u>Chapters 1-11</u>
11	Thursday 11/8/18	Part 5: Risk and Return HW: Read Chapter 12 Some Lessons from Capital Market History HW: Read Chapter 13 Return, Risk, and the Security Market Line
12	Thursday 11/15/18	Part 6: Cost of Capital and Long-Term Financial Policy HW: Read Chapter 15 Raising Capital HW: Read Chapter 16 Financial Leverage and Capital Structure Policy
13	Thursday 11/22/18	Part 6: Cost of Capital and Long-Term Financial Policy HW: Read Chapter 17 Dividends and Payout Policy HW: Read Chapter 18 Short-Term Finance and Planning

14	Thursday 11/29/18	Part 7: Short-Term Financial Planning and Management HW: Read Chapter 19 Cash and Liquidity Management HW: Read Chapter 20 Credit and Inventory Management
15	Thursday 12/6/18	Part 7: Short-Term Financial Planning and Management Last Day of Class - <u>**Stock Valuation Assignment Due**</u> Comprehensive Final Exam Review
16	Thursday 12/13/18 Final Exam	***Final Examination*** Chapter 1-20

Course Policies and General Information:

1. The materials in the chapter readings are important but are supplemental to the materials discussed in class. Unless otherwise told, you are responsible for **all** the material in the assigned chapter(s), but pay particular attention to material covered in class lectures.

2. If you miss a lecture, you are advised to check with a classmate or myself about the material covered in the class, as some of the material discussed in class may not be covered in the textbooks.

3. **NO MAKE UP EXAMS ARE GIVEN**, nor will exams be given at any other time unless approved in writing by the Department Chair. If the midterm is missed due to a valid reason approved by the instructor, the final exam will be “double counted”, based on a relative class ranking. Each student must turn in his/her projects on time for credit, as late projects will receive a score of “0”.

4. Exams will not be returned. They will be stored in my office and will be available for review in my office, during my office hours.

5. Mobile devices are not allowed in class and during the exam. You may not use your cell phone as a calculator. Turn off all electronic devices before the start of class and exam.

6. **A financial calculator is required.** It is necessary that you have a financial calculator to use throughout this course. Students may not share calculators on exams. You **must** have a financial calculator in order to complete this course. Many of the exam problems involve complex arithmetic formulas, and it will be necessary to use a financial calculator in order to solve them. I will be using the HP-12C (**recommended**) in class, and will explain how to work various problems using the HP-12C.

You will find it to be easiest to follow my lectures if you use an HP-12C. If you choose to use another financial calculator, that is fine, but it is possible that I may not be as familiar with the keystrokes on the other financial calculator models, and therefore doing so is at your own discretion. You should definitely get familiar with your financial calculator early and learn how to use it **immediately** – don’t wait until we are in the middle of working complex time value of money problems. **The single most important factor in determining success in this course is one’s ability to solve Time Value of Money equations**, and success with these problems will require the efficient use of a financial calculator.

Understanding how to solve “Time Value of Money” equations using a financial calculator is critical for success in this course. If you are not comfortable with how to use your financial calculator, you will have a difficult time in this course. I am

available during office hours to assist in this regard, and I also encourage forming study groups with your classmates, as you should all be able to benefit from the collective knowledge of your colleagues. Please use the Calculator Manual as a supplemental text, however, you are **not** allowed to use these materials during exams and quizzes.

7. Students are expected to follow the syllabus and class schedule and review the assigned chapters, modules, and problems, prior to each class meeting.

PowerPoint files for the chapters covered in this class are available for download from the course Moodle site. The course materials are cumulative and students cannot afford to miss any lectures or skip any assignments. **ATTENDANCE IS IMPORTANT** as materials in textbooks are supplemented by lectures. Reading of the Wall Street Journal and/or other business journals is encouraged for keeping abreast of current corporate events. I also recommend CNBC or Bloomberg.

Grading

Course grades will be determined by the scores on 2 midterm exams, a Time Value of Money Quiz, a final exam, homework assignments, and class participation. Here are the total points available:

Class Participation/Homework:	200
Time Value of Money Quiz:	200
Midterm Exam:	200
Stock Valuation Assignment:	100
Final Exam:	<u>300</u>

Total **1,000 Points**

Plus/minus grading will be used in this course. You are guaranteed the following grade if your weighted average course score falls within the following percentiles:

A = 4.0	94-100%	A- = 3.7	90-93%	B+ = 3.3	87-89%
B = 3.0	83-86%	B- = 2.7	80-82%	C+ = 2.3	77-79%
C = 2.0	73-76%	C- = 1.7	70-72%	D = 1.0	60-69%
F = 0.0	Less than 60% of total points				

At the instructor's discretion a **curve may be applied** to these scores.