



Course Name: Principles of Business Finance
Course Number: FIN3403

Semester: Summer 2019
Day/Time: Monday-Friday
June 24-July26

Course & Faculty Information

Lecturer: TBA

E-mail: TBA

Time: Monday through Friday (1.8 contact hours each day)

Contact hour: 45 hours

Credit: 3

Office hours: By Appointment

Course Description

The objective of the course is to provide the student with the balance sheet as a reference point, this course provides an introduction and overview of the acquisition, financing and management of business assets. Topics covered in the course include introduction to managerial finance, financial tools, valuation of securities, risk and required rate of return, long-term investment decisions, long-term financial decisions, and short-term financial decisions.

Textbook Information

Gitman, L., and Zutter, J., C. (2015). Principles of managerial finance, 7th ed. Pearson Education, Inc., NJ. ISBN 9780133546408

APA Manual

The APA Manual 6th Edition is required for all courses.

Case Studies (available at www.hbr.org using the following link for discounted price)
<http://cb.hbsp.harvard.edu/cbmp/access/55629683>

- a. "Credit Unions: The Future of the Cooperative Financial Institution," Harvard Business School Publishing, Case # 9-312-131
- b. "Globalizing the Cost of Capital and Capital Budgeting at AES," Harvard Business School Publishing, Case # 9-204-109
- c. "Tokyo Disneyland and the Disneysea Park: Corporate Governance and Differences in

Capital Budgeting Concepts and Methods between American and Japanese Companies,” Harvard Business School Publishing, Case # HKU568

Recommended Materials

Textbooks from previous finance courses:

Brigham and Ehrhardt, Financial Management: Theory and Practice, 13th ed.

Bodie, Kane and Marcus, Investments, 7th ed.

Rose and Marquis, Money and Capital Markets, 10th ed. Hull, Fundamentals of Futures and Options, 7th ed.

Measurable Course Objectives

Measurable Course Objectives are outcomes students are expected to achieve by the end of the course.

- Attain a clear, basic understanding of the essentials of financial decision-making.
- Provide an understanding of the tools and techniques required to make informed decisions about which assets a firm should purchase and how such purchases should be financed.

College wide Student Learning Outcomes

The College wide Student Learning Outcomes assessed and reinforced in this course include the following:

- 1) International parity conditions,
- 2) Currency derivative products available to multinational enterprises,
- 3) Global financial market activities,
- 4) International portfolio and direct investments,
- 5) Financial and operational hedging strategies, and
- 6) Capital budgeting and real options.
- 7) Communication
- 8) Critical Thinking
- 9) Scientific and Quantitative Reasoning

Attendance Policy

The College recognizes the correlation between attendance and both student retention and achievement. Per College Policy 3.060 **Students are expected to attend all classes, actively participate and complete all assigned course work for all courses for which they are registered.**

Evaluation & Grading:

Your grade will be determined on the following:

10%	Attendance and class participation.
30%	Exam 1 Chapters 1 – 4
30%	Exam 2 Chapters 7 – 11
15%	Chapter Presentation
15%	3 Quizzes

- There will be 2 Exams during the term. The Lowest grade of the two will be dropped and the average of the highest one will comprise 45% of your final grade. Therefore, you can miss one with NO effect on your final grade. There will be no make-ups for Exams.

Note: The course grading structure is comprised of the assignments, exams and attendance as listed above. There will be no make-ups for Exams or Assignments.

Grading Scale:

Letter Grade	Percentage Earned
A	90% or higher
B	80 % or higher
C	70% or higher
D	60% or higher
F	Below 60%

Communication

You are required to check your email {inbox} periodically.

Calculators:

I will use Texas Instruments BA II Plus as my financial calculator and will be teaching with that. You are welcome to use any financial calculator for the class you would like. However, please note that it is your responsibility to learn how to use that calculator if it is different than the one I use. Also, you are NOT allowed to use any graphics calculators, phones, or calculators with advanced memory for the exams or the quizzes. My advice would be to get a finance calculator which you will use in this class as well as finance classes in the future.

Attendance and Tardiness.

Students are awarded **0.5% for each day attended** up to a **maximum of 10% of your class grade.** Attendance also includes the class participation which consists of students'

participation to the discussion of the in-class assignments and/or the take home assignments. Attendance scores are not awarded on Exam days. Moreover, there is no lecture on Fridays. However, study session to review for the quizzes and exams is scheduled on Fridays. Attending the study session on Fridays will earn 5 bonus points per session to students and will count as extra credit toward the scores of the two exams (i.e. Exam#1 & Exam#2). I will not be late to class and expect you to be on time as well!

Tests and Quizzes.

There are 3 quizzes and two exams for the class. **If you do not take an exam/quiz at the scheduled time, you will automatically receive a zero for that exam.** The purpose of this policy is fairness. If you experience a medical emergency or death in the family, you must notify me *prior* to the exam/quiz. The reason for missing the exam and verification of that reason must be provided in writing. The lowest quiz grade will be dropped. **Note:** Unless otherwise noted in class, students are expected to memorize the formulas and computations used to solve problems. Anything said or presented in class, in the text, on homework, quizzes or previous exams is subject to testing. Students may not leave the room during an exam unless they are ready to turn in their exam. **In addition, all personal communication devices should be turned off and put away during class and exam time.**

Make-up exams: Make-up exams will **not** be allowed, except in the case of documented events such as jury duty or military service. Acceptance of documentation is at sole discretion of the instructor. *Please arrive 15 minutes early for the appointment time you choose. You will not be allowed to take the make-up exam if you are even one minute late for your appointment. Bring your ID pencil, and calculator (no graphing calculators or cell phones).*

Academic Integrity

As members of the Seminole State College of Florida community, students are expected to be honest in all of their academic coursework and activities.

Academic dishonesty, such as cheating of any kind on examinations, course assignments or projects, plagiarism, misrepresentation and the unauthorized possession of examinations or other course-related materials, is prohibited.

Plagiarism is unacceptable to the college community. Academic work that is submitted by students is assumed to be the result of their own thought, research or self-expression. When students borrow ideas, wording or organization from another source, they are expected to acknowledge that fact in an appropriate manner. Plagiarism is the deliberate use and appropriation of another's work without identifying the source and trying to pass-off such work as the student's own. Any student who fails to give full credit for ideas or materials taken from another has plagiarized.

Students who share their work for the purpose of cheating on class assignments or tests are subject to the same penalties as the student who commits the act of cheating.

When cheating or plagiarism has occurred, instructors may take academic action that ranges from denial of credit for the assignment or a grade of "F" on a specific assignment, examination or project, to the assignment of a grade of "F" for the course. Students may also be subject to further sanctions imposed by the judicial officer, such as disciplinary probation, suspension or dismissal from the College.

Course Outline:

Please note that this outline is meant to give an overview of the major concepts this course. Changes may occur in this calendar as needed to aid in the student’s development. Best way to study and prepare in addition to reading the chapter:

- Read the **Chapter Preview, Learning Objectives and opening story** at the beginning of each chapter.
- Pay attention to the **Point, Decision Insight, and Need-To-Know** sections throughout chapter.
- Read and understand the **Global View, Summary, Key Terms, and Quiz** at the end of each chapter. ***Understanding accounting terminology is critical.***

	LEARNING OBJECTIVES	READING ASSIGNMENT	CLASS ACTIVITIES
WEEK 1: (June 24 – June 28)	<p>Chapter Number 1: The Role of Managerial Finance</p> <ol style="list-style-type: none"> 1. Define <i>finance</i> and the managerial finance function. 2. Describe the legal forms of business organization. 3. Describe the goal of the firm, and explain why maximizing the value of the firm is an appropriate goal for a business. 4. Describe how the managerial finance function is related to economics and accounting. 5. Identify the primary activities of the financial manager. 6. Describe the nature of the principle-agent relationship between the owners and managers of a corporation, and explain how various corporate governance mechanisms attempt to manage agency problems. <p>Chapter Number 2: The Financial Market Environment</p> <ol style="list-style-type: none"> 1. Understand the role that financial institutions play in managerial finance. 2. Contrast the functions of financial institutions and financial markets. 3. Describe the differences between the capital markets and the money markets. 4. Explain the root causes and subsequent effects of the 2008 financial crisis and recession. 5. Understand the major regulations and regulatory bodies that affect financial institutions and markets. 6. Discuss business taxes and their importance in financial decisions. 	<p>Read Chapter 1 and 2 from your textbook:</p> <p>Chapter 1: “The Role of Managerial Finance”</p> <p>Chapter 2: “The Financial Market Environment”</p>	<p>Welcome and Introductions.</p> <p>Course Activities spell out much of our course.</p> <ul style="list-style-type: none"> • Overview of module. Syllabus review and discussion of expectations. • Chapter 1 and 2- Review and discussion. • Chapter 1 and 2 Brief Questions: All • Exercises and Problems TBA <p>❖ Quiz Number 1</p>

<p>WEEK 2: (July 1 – July 5)</p>	<p>Chapter Number 3: Financial Statements and Ratio Analysis</p> <ol style="list-style-type: none"> 1. Review the contents of the stockholders’ report and the procedures for consolidating international financial statements. 2. Understand who uses financial ratios and how. 3. Use ratios to analyze a firm’s liquidity and activity. 4. Discuss the relationship between debt and financial leverage and the ratios used to analyze a firm’s debt. 5. Use ratios to analyze a firm’s profitability and its market value. 6. Use a summary of financial ratios and the DuPont system of analysis to perform a complete ratio analysis. <p>Chapter Number 4: Cash Flow and Financial Planning</p> <ol style="list-style-type: none"> 1. Understand tax depreciation procedures and the effect of depreciation on the firm’s cash flows. 2. Discuss the firm’s statement of cash flows, operating cash flow, and free cash flow. 3. Understand the financial planning process, including long-term (strategic) financial plans and short-term (operating) financial plans. 4. Discuss the cash-planning process and the preparation, evaluation, and use of the cash budget. 5. Explain the simplified procedures used to prepare and evaluate the pro forma income statement and the pro forma balance sheet. 6. Evaluate the simplified approaches to pro forma financial statement preparation and the common uses of pro forma statements. 	<p>Read Chapter 3 and 4 from your textbook: Chapter 3: “Financial Statements and Ratio Analysis” Chapter 4: “Cash Flow and Financial Planning”</p>	<ul style="list-style-type: none"> • Chapter 3 and 4- Review and discussion. • Chapter 3 and 4 Brief Study Questions: All • Exam Number 1 Review include chapters: 1,2,3, and 4. <p>Exercises and Problems TBA</p> <p>❖ Quiz Number 2</p>
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WEEK 3: (July 8 – July 12)	<p>Chapter Number 5: Interest Rates and Bond Valuation</p> <ol style="list-style-type: none"> 1. Describe interest rate fundamentals, the term structure of interest rates, and risk premiums. 2. Review the legal aspects of bond financing and bond cost. 3. Discuss the general features, yields, prices, popular types, and international issues of corporate bonds. 4. Understand the key inputs and basic model used in the valuation process. 5. Apply the basic valuation model to bonds and describe the impact of required return and time to maturity on bond values. 6. Explain yield to maturity (YTM), its calculation, and the procedure used to value bonds that pay interest semiannually. <p>Chapter Number 8: Risk and Return</p> <ol style="list-style-type: none"> 1. Understand the meaning and fundamentals of risk, return, and risk preferences. 2. Describe procedures for assessing and measuring the risk of a single asset. 3. Discuss the measurement of return and standard deviation for a portfolio and the concept of correlation. 4. Understand the risk and return characteristics of a portfolio in terms of correlation and diversification, and the impact of international assets on a portfolio. 5. Review the two types of risk and the derivation and role of beta in measuring the relevant risk of both a security and a portfolio. 6. Explain the capital asset pricing model (CAPM), its relationship to the security market line (SML), and the major forces causing shifts in the SML. 	<p>Read Chapter 5 and 8 from your textbook: Chapter 5: “Interest Rates and Bond Valuation” Chapter 6: “Risk and Return”</p>	<ul style="list-style-type: none"> • Chapter 5 and 8- Review and discussion. • Chapter 5 and 8 Brief Study Questions: All Exercises and Problems TBA <p>❖ Exam Number 1 include chapters 1, 2, 3 and 4</p>
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WEEK 4: (July 15 – July 19)	<p>Chapter Number 9: The Cost of Capital</p> <ol style="list-style-type: none"> 1. Understand the basic concept and sources of capital associated with the cost of capital. 2. Explain what is meant by the marginal cost of capital. 3. Determine the cost of long-term debt, and explain why the after-tax cost of debt is the relevant cost of debt. 4. Determine the cost of preferred stock. 5. Calculate the cost of common stock equity, and convert it into the cost of retained earnings and the cost of new issues of common stock. 6. Calculate the weighted average cost of capital (WACC) and discuss alternative weighting schemes. <p>Chapter Number 10: The Capital Budgeting Techniques</p> <ol style="list-style-type: none"> 1. Understand the key elements of the capital budgeting process. 2. Calculate, interpret, and evaluate the payback period. 3. Calculate, interpret, and evaluate the net present value (NPV) and economic value added (EVA) 4. Calculate, interpret, and evaluate the internal rate of return (IRR). 5. Use net present value profiles to compare NPV and IRR techniques. 6. Discuss NPV and IRR in terms of conflicting rankings and the theoretical and practical strengths of each approach. 	<p>Read Chapter 9 and 10 from your textbook: Chapter 9: “The Cost of Capital” Chapter 10: “The Capital Budgeting Techniques”</p>	<ul style="list-style-type: none"> • Chapter 9 and 10- Review and discussion. • Chapter 9 and 10 Brief Studies Questions: All Exercises and Problems TBA <p style="color: red;">❖ Quiz Number 3</p>
WEEK 5: (July 22– July 26)	<p>Chapter Number 12: Leverage and Capital Structure</p> <ol style="list-style-type: none"> 1. Discuss leverage, capital structure, breakeven analysis, the operating breakeven point, and the effect of changing costs on the breakeven point. 2. Understand operating, financial, and total leverage and the relationships among them. 3. Describe the types of capital, external assessment of capital structure, the capital structure of non-U.S. firms, and capital structure theory. 4. Explain the optimal capital structure using a graphical view of the firm’s cost of capital functions and a zero-growth valuation model. 5. Discuss the EBIT-EPS approach to capital structure. 	<p>Read Chapter 12,13 and 15 from your textbook: Chapter 12: “Leverage and Capital Structure” Chapter 13: “Payout Policy” Chapter 15: “Current Liabilities Payout”</p>	<ul style="list-style-type: none"> • Chapter 12, 13 and 15- Review and discussion. • Chapter 12, 13 and 15 Brief Studies Questions: All • Final Exam Review include chapters: 9,10,12,13 and 15. <p>Exercises and Problems</p>

<p>6. Review the return and risk of alternative capital structures, their linkage to market value, and other important capital structure considerations related to capital structure.</p> <p>Chapter Number 13: Payout Policy</p> <ol style="list-style-type: none"> 1. Understand cash payout procedures, their tax treatment, and the role of dividend reinvestment plans. 2. Describe the residual theory of dividends and the key arguments with regard to dividend irrelevance and relevance. 3. Discuss the key factors involved in establishing a dividend policy. 4. Review and evaluate the three basic types of dividend policies. 5. Evaluate stock dividends from accounting, shareholder, and company points of view. 6. Explain stock splits and the firm’s motivation for undertaking them. <p>Chapter Number 15: Current Liabilities Payout</p> <ol style="list-style-type: none"> 1. Review accounts payable, the key components of credit terms, and the procedures for analyzing those terms. 2. Understand the effects of stretching accounts payable on their cost and the use of accruals. 3. Describe interest rates and the basic types of unsecured bank sources of short-term loans. 4. Discuss the basic features of commercial paper and the key aspects of international short-term loans. 5. Explain the characteristics of secured short-term loans and the use of accounts receivable as short-term-loan collateral. 6. Describe the various ways in which inventory can be used as short-term-loan collateral. 	<p>TBA</p> <p style="color: red;">❖ Final Exam include chapters: 9,10,12,13 and 15.</p> <p style="color: red;">❖ Chapter Presentation</p>
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Course Name: Selected Studies in Business
Course Number: GEB 2931

Semester: Summer 2019
Day/Time: Monday-Friday
June 24-July26

Course & Faculty Information

GEB 2931 Selected Studies in Business - Principles of Business Finance - FIN 3403

Lecturer: TBA

E-mail: TBA

Time: Monday through Friday

Teaching hour: 15 hours

Credit: 1

Office hours: Every Monday, time TBD (According to the teaching schedule)

Course Description

The objective of the course is to provide the student with the balance sheet as a reference point, this course provides an introduction and overview of the acquisition, financing and management of business assets.

Pre-reqs: To be taken in conjunction with Principles of Business Finance (FIN 3403).

Course Objectives

Measurable Course Objectives are outcomes students are expected to achieve by the end of the course.

- Attain a clear, basic understanding of the essentials of financial decision-making.
- Provide an understanding of the tools and techniques required to make informed decisions about which assets a firm should purchase and how such purchases should be financed.

Textbook Information

Gitman, L., and Zutter, J., C. (2015). Principles of managerial finance, 7th ed. Pearson Education, Inc., NJ. ISBN 9780133546408

Attendance Policy

The College recognizes the correlation between attendance and both student retention and achievement. Per [College Policy 3.060](#) Students are expected to attend all classes, actively participate and complete all assigned course work for all courses for which they are registered.

Overall grade will be reduced by one letter level if students reach 3 absences. Four or more absences may result in a failing grade.

Collegewide Student Learning Outcomes

The Collegewide Student Learning Outcomes assessed and reinforced in this course include the following:

- Communication
- Critical Thinking
- Scientific and Quantitative Reasoning
- Information Literacy
- Global Sociocultural Responsibility

Grading Scale:

Letter Grade	Percentage Earned
A	90% or higher
B	80 % or higher
C	70% or higher
D	60% or higher
F	Below 60%

Course Content

The subject matter in this course will be presented in lecture & discussion format, case analysis, Internet activities, writing assignments, videos, exams, quizzes, and team works. Students are expected to read the chapters and attempt the assigned homework before coming to class. This will provide for a two-way exchange of ideas and discussions of the subject matter. It is imperative that all students make a concerted effort to attend every class session to ensure that they will obtain the full benefit of the course and obtain the optimal passing grade from the course.

Course Schedule

Week 1 The role of managerial finance and the financial market environment

Week 2 Financial statements and ratio analysis, cash flow and financial planning

Week 3 Interest rates and bond valuations

Week 4 The cost of capital and the capital budget techniques

Week 5 Leverage capital structure, payout policy and current liabilities payout

Academic Integrity

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