Course Objective

The objective of this course is to provide a framework for analyzing financial circumstances with emphasis on the investment and financing decisions of corporations. Lectures, readings, and example problems familiarize the students with the basic financial concepts and techniques, while effort is made to spend time discussing the application of the knowledge to real-world problems. Since this course deals with fundamental principles of modern financial theory, the approach will be somewhat rigorous and analytical. After this course, you should be able to understand and apply the concept of time value of money, risk and return, stock and bond valuation, cash flow analysis, the cost of capital, capital budgeting, optimal capital structure, dividend policy among others.

Course Materials

Required:

Optional:

Recommended:
Wall Street Journal

Financial Calculators

Financial calculators are widely used today in the business world. They are more accurate and faster than financial tables. Students are required to bring financial calculators in class to learn the usage of them. I will be using The Texas Instruments BA-II Plus in class.
University Guidelines for Writing Proficiency

It is University policy that each course should have a writing requirement with a minimum of 2,500 words. In this course, the writing requirement will be fulfilled by a term paper on Time Value of Money and its personal applications. Due date: November 14. The submission must be made at the beginning of the class of November 14 and there is 20% penalty for late submission. After 5:00 P.M. of November 14, no submission will be accepted.

Quizzes

There will be short unannounced quizzes throughout the semester. The purpose of these unannounced quizzes is to motivate higher level of participation in class.

Exams

All exams and quizzes will be closed book, but you will be allowed to bring in a sheet of paper with any notes written on it that you like. Final exam is comprehensive.

Grading

The grade will be split up as follows:

- Midterm Exam 35%
- Quiz 10%
- Term Paper 10%
- Homework 5%
- Final Exam 40%

Attention

In order to ensure that fair grading practices are applied in each CSUSM Accounting and Finance Department course, grading guidelines have been established for determining students’ course grades. These grading guidelines vary by course. The specific guideline for this course is that final grades should average 2.5 with a permissible margin of +/- .3 points. The final grade point average for this course is at the discretion of the instructor, but it is unlikely to deviate from the Departmental guidelines.

Withdrawal Policy

In order to withdraw from a course after the end of the second week of the semester (or approximately 10% of the academic term), a student will need to obtain the signature of the instructor and the Associate Dean of the College of Business Administration.
## COURSE OUTLINE

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<td>Chapter 2: (16, 18, 19, 21)</td>
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<td>The Basics of Capital Budgeting</td>
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**Term Paper on the TVM**

The first part of your term paper should include a summary of all the concepts of TVM covered in class, for example, time line, FV of single sum, PV of single sum, annuity, etc., in your own words. You may want to include a simple numerical example to explain each concept. Do not simply copy the textbook, and you should follow the rule of quotation if you want to quote a sentence from the book. Include all the concepts covered in class.

The second part of the paper is about the application of TVM to your own financial problems. Try to use the concepts you learn from the class to solve practical financial issues in your life, for example, your retirement planning, your mortgage payments or car loan payments, credit card interest rates, to name a few. It has to be your own and specific problem. If you cannot think of your own problem, you may make up a case that is interesting.

Do not mix the first part and the second part, that is, the second part should have a separate heading. Two papers are on reserve in the library for your perusal.

Include word count on the front page. The word count should be at least 2,500. Simply type the word count shown on your MS Word or other word processors.

**Grading:**
First Part 50%
Second Part 40%
Writing Quality 10%

The emphasis on the first part is thoroughness, that is, you have to explain every concept covered from time lines to loan amortization. The second part is comprised of creativity/originality (10%), correctness (10%), sophistication (10%), and overall content (10%).

**Due date:** November 14 at the beginning of the class and there is 10% late submission penalty after that until the end of the class, 20% penalty after class and before 5 P.M., and no submission will be accepted after 5:00 P.M. on November 14.