

## Finance 303 - Sec 001 – Spring Semester 2012 TuTh 10:40-11:55 am – B217

**INSTRUCTOR:** L. Dwayne Barney  
**OFFICE:** Boise State University, Business Building Room  
213-E  
**OFFICE PHONE NUMBER:** 208-426-3429  
**OFFICE HOURS:** Tuesday/Thursday: 12:00-1:30, 3:00-4:30 PM

**TEXT:** Eugene F. Brigham and Joel F. Houston, Fundamentals of Financial Management: Concise Seventh Edition.

**FINANCIAL CALCULATOR (OPTIONAL):** A financial calculator is helpful in working finance problems. If you are going to purchase a financial calculator, the HP 12-C is my recommendation. However, a financial calculator is not necessary to succeed in the class; all of the homework and test problems can be worked with a basic inexpensive calculator.

**COURSE OBJECTIVES:** Upon successful completion of this course the student should:

- Have an understanding of the goals of the firm and how the finance function supports those goals
- Be able to read and analyze the financial statements of a corporate organization
- Understand how the time value of money impacts financial decisions
- Understand and be able to apply the models for valuing financial assets
- Understand the concept and measurement of risk as it applies to financial modeling
- Be able to estimate cash flows accruing to long-term assets
- Understand and be able to apply the models used to evaluate the long-term asset acquisition proposals for the firm
- Understand the instruments and markets for raising capital for the firm

### **College of Business and Economics Statement of Shared Values**

Boise State University upholds the following values as the foundation for a civil and nurturing environment. Campus community members and all who are part of COBE are expected to adhere to the following values.

**Academic Excellence** – engage in our own learning and participate fully in the academic community's pursuit of knowledge.

**Caring** – show concern for the welfare of others.

**Citizenship** – uphold civic virtues and duties that prescribe how we ought to behave in a self-governing community by obeying laws and policies, volunteering in the community, and staying informed on issues.

**Fairness** – expect equality, impartiality, openness and due process by demonstrating a balanced standard of justice without reference to individual bias.

**Respect** – treat people with dignity regardless of who they are and what they believe. A respectful person is attentive, listens well, treats others with consideration and doesn't resort to intimidation, coercion or violence to persuade.

**Responsibility** – take charge of our choices and actions by showing accountability and not shifting blame or taking improper credit. We will pursue excellence with diligence, perseverance, and continued improvement.

**Trustworthiness** – demonstrate honesty in our communication and conduct while managing ourselves with integrity and reliability.

**COBE CORE CURRICULUM CONCEPTS:**

<b>Students in this class will learn or practice the following COBE Core Curriculum concepts, methods, and skills:</b>	
<b>1. Understand and apply analytical and disciplinary concepts and methods related to business and economics:</b>	
<input checked="" type="checkbox"/>	<b>1.1. Accounting</b>
<input checked="" type="checkbox"/>	<b>1.2. Business Policy and Strategy</b>
<input checked="" type="checkbox"/>	<b>1.3. Economics</b>
<input checked="" type="checkbox"/>	<b>1.4. Finance</b>
<input checked="" type="checkbox"/>	<b>1.5. Information Technology Management</b>
<input checked="" type="checkbox"/>	<b>1.6. International environment of business</b>
<input checked="" type="checkbox"/>	<b>1.7. Legal environment of business</b>
<input checked="" type="checkbox"/>	<b>1.10. Mathematics &amp; Statistics</b>
<input type="checkbox"/>	<b>2.1. Communicate effectively: Write messages and documents that are clear, concise, and compelling</b>
<input type="checkbox"/>	<b>2.2. Communicate effectively: Give oral presentations that use effective content, organization, and delivery</b>
<input checked="" type="checkbox"/>	<b>3. Solve problems, including unstructured problems, related to business and economics</b>
<input type="checkbox"/>	<b>4. Use effective teamwork and collaboration skills</b>
<input checked="" type="checkbox"/>	<b>5. Resolve ethical issues related to business and economics</b>

**SCHEDULE:** The anticipated schedule of activities is shown below. Chapters are listed in the order that they will be covered. It may be necessary to alter the schedule over the course of the semester.

January 17 through February 7

*Textbook:* Chapters 1, 5 and 7.

*Topics:* Introduction to finance, the time value of money, interest and compounding, continuous compounding, annuities, present value, future value, bonds, present value of annuities, future value of annuities, loan amortization schedules, bonds, bonds with semiannual coupon payments, bond valuation, bond prices, yield to maturity.

**Examination: February 7—Exam #1**

February 9 through March 1

*Textbook:* Chapter 6, 2, 3, and 4.

*Topics:* Yield curves, theories of the term structure of interest rates, liquidity preference theory, expectations theory, financial markets, interest rates and inflation, Federal Reserve policies, federal budget deficits, review of accounting, debits and credits, financial statements, financial statement analysis, ratio analysis.

**Examination: March 1—Exam #2**

March 6 through April 5

*Textbook:* Chapters 9 and 8.

*Topics:* Stock valuation models, the constant growth model, the supernormal growth model, risk and return, review of statistics, expected return, variance of returns, standard deviation of returns, the Capital Asset Pricing Model, beta coefficients, the Security Market Line, the efficient market hypothesis

**Examination: April 5—Exam #3**

April 10 through April 26

*Textbook:* Chapters 11, 12, and 10.

*Topics:* Capital budgeting, net present value, internal rate of return, modified internal rate of return, payback period, cash flow estimation, the cost of capital, the cost of debt, the cost of equity, the weighted average cost of capital

**Examination: April 26—Exam #4**

May 1 and May 3

*Textbook:* Chapter 13

*Topics:* Capital Structure Theory, Modigliani and Miller Capital Structure Theory with and without corporate taxes

**Comprehensive Final Examination: Tues. May 8<sup>th</sup> from 10:30 AM to 12:30 PM**

**GRADING:** Your final grade will be determined on the basis of classroom participation, three midterm exams, and a comprehensive final exam. As there are four midterm exams on the schedule, your low score from the midterms will be dropped when computing your final grade. However, you must take the final exam. When computing your final grade the weights given to each component are as follows:

<u>GRADE COMPONENT</u>	<u>WEIGHT</u>
Classroom Participation	10%
Midterm Exam #1	20%
Midterm Exam #2	20%
Midterm Exam #3	20%
Final Exam	30%

Throughout the semester a student will earn a percentage score for each of the components. At the conclusion of the semester the student's final percentage for the course will be calculated by applying the aforementioned weights. Then, the final grade for the course will be determined according to the following scale:

<u>Percentage</u>	<u>Final Grade</u>
90—100%	A
80—89%	B
70—79%	C
60—69%	D
Below 60%	F

**Examinations:** The examinations will consist of problems similar to those worked out in class and assigned as homework. The final examination will be comprehensive. The midterm examinations will also be comprehensive to the extent that material continues to build on itself throughout the semester.

Only under extraordinary circumstances will a makeup exam be given. When a makeup is given, it is typically more interesting than the exam given during the regularly scheduled time.

**Allowable In-Class Materials:** Students may use one 4 inch by 6 inch note card when taking the midterm tests, along with a calculator. **No other materials will be allowed.** Students will not be allowed to use a laptop computer when taking the tests. Students will NOT be allowed to use cell phones when taking the test, even if the cell phone has a calculator application on it. On the final exam students can use up to five of the 4 inch by 6 inch note cards, or one 8.5 inch by 11 inch sheet of paper (both sides).

No cell phones may be used in class. Also, it is STRONGLY recommended that students do not use laptops in class. If absolutely necessary, a laptop may be used, but **only** for purposes of taking notes. Students are encouraged to bring a financial calculator to class on a daily basis.

**Classroom Participation:** At the conclusion of the semester each student will be assigned a score for classroom participation. The classroom participation score will be between 0% and 100%, and will be determined by the extent to which the student's participation was a positive influence in the class. A student that attends class regularly, participates in discussions and in-class exercises, arrives in a timely fashion, and exhibits courteous behavior will earn a high score for classroom participation. Conduct that is disruptive, rude, and detrimental to the overall learning environment will result in a low score.

**Homework:** Homework will be assigned throughout the semester. The homework will not be graded. However, completion of the assignments will enhance your performance on exams.

**Other Grading Considerations:** Of course, cheating on exams or unacceptably disruptive behavior in class will result in a grade of F for the semester.