

# Principles of Finance

## Finance 303 – Sec 006

### Spring 2012

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**(put 303 in subject, see Email below)**

**Office Hours:** Monday and Wednesday 1:00-2:30 p.m.

**Email:** **Put 303 in subject.** It is not necessary to let me know you are missing class. Please see me instead for any materials missed.

**Optional Textbook:** Fundamentals of Corporate Finance, Ross, Westerfield and Jordan.

**Objectives:** The purpose of this course is to introduce students to the issues faced by corporate financial managers. Upon successful completion of this course the student should:

- Acquire a working knowledge of the terminology and concepts necessary to communicate with financial managers
- 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
- Be able to use the historical analysis of financial statements and a sales forecast to forecast the cash flow and financing needs of the 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
- All of the objectives are considered for corporations operating in a global environment within the framework of ethical decision-making

**Homework:** Homework problems will be assigned in class. These assignments will not be collected and graded. It will be difficult to do well on the exams if you are not completing and understanding the homework as it is assigned. On the days on which we discuss homework, I ask that you to come to class prepared to ask questions about specific parts of the assignment. Given the flexibility I am providing with regard to completing homework, I ask that students make an honest attempt to work on the assignments in advance of class. I greatly appreciate your cooperation with this request.

**Quizzes:** I will provide quizzes to review the concepts from each chapter and allow you to assess your understanding as we move through the material. These will not be graded. They will be very beneficial in exam preparation.

**Calculator:** A financial calculator, or calculator equipped with financial functions (i.e. FV, PV, PMT, NPV, IRR) is **strongly recommended**. These are available in the bookstore (the HP-10B is an inexpensive calculator that will serve you well in any application).

**Grades:** The course grade will be determined by equally weighted scores on four exams. The exam questions include true/false, multiple choice, short answer, and problem formats.

**Exam Dates:** Exam 1: February 15  
Exam 2: March 14  
Exam 3: April 18  
Exam 4: May 9 at 1:00 p.m.

### Topics

#### January 18 – February 15

Chapter 2 Financial Statements and Cash Flow  
Chapter 3 Financial Statement Analysis  
Chapter 4 Financial Planning

#### February 20 – March 14

Chapter 5 Introduction to Valuation  
Chapter 6 Discounted Cash Flow Valuation  
Chapter 7 Interest Rates and Bond Valuation

#### March 19 – April 18

Chapter 8 Stock Valuation  
Chapter 9 Net Present Value and Other Investment Criteria  
Chapter 10 Making Capital Investment Decisions  
Chapter 11 Project Analysis and Evaluation

#### April 23 – May 2

Chapter 12 Capital Market Returns  
Chapter 13 Return, Risk and the Security Market Line  
Chapter 15 Cost of Capital

**College of Business and Economics  
Core Curriculum Student Learning Goals and Objectives**

<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>

**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.