

FINC 3400: Business Finance

Fall 2020; Section 1&2

Instructor: Bo Han Classroom: Online (Canvas)

Email: hanb@seattleu.edu Class time: Asynchronous

Classroom: Online (Canvas)

Class time: Asynchronous

Course Description:

This course covers the foundations of finance with an emphasis on applications that are vital for corporate managers and investors. We will discuss many of the major financial decisions made by managers both within the firm and in their interactions with investors, with the focus on the sources, uses, costs, and control of funds in business organizations. Topics include financial statement analysis, criteria for making investment decisions, valuation of financial assets and liabilities, relationships between risk and return, and market efficiency.

Learning Objectives:

The primary learning objective of FINC 3400 is to provide students with knowledge and critical-thinking skills. Critical-thinking involves quantitative and qualitative skills to access, develop, analyze and use information to solve business problems and make decisions.

After completing this course, the student will be able to

- understand the objectives, functions, and principles of financial management
- understand financial statements and be able to analyze them
- understand how financial securities are valued and how financial markets interact with businesses.
- understand the theory of risk and return and the principles of securities valuation
- know the principles and techniques of capital budgeting analysis and project selection
- know the fundamental drivers of financing policy in a corporation
- understand the theory of cost of capital, financial leverage, and valuation
- be proficient in the financial calculator and Excel
- be able to apply the principles of financial management to business and personal decisions

Course Materials:

Textbook:

Fundamentals of Corporate Finance, by Berk, DeMarzo and Harford, 4th edition (Pearson). The newest edition is the 5th. But I will be using the 4th this quarter. The 3rd or 2nd editions are acceptable too, but regardless of type, each student must have access to a MyLab account (see below) to complete required homework. As this is an online course, you can opt to purchase the e-book, which will come bundled with the MyLab platform.

MyFinanceLab:

MyFinanceLab (MFL) is an online homework, tutorial, and assessment system that accompanies our textbook. It can be accessed at <http://myfinancelab.com>. Homework of this course will be assigned on and graded by MyFinanceLab.

MFL course name: **FINC3400_F20**

MFL course ID: **han31369**

Financial Calculator:

You are required to have a calculator that can perform financial calculation. In class I will be using **Texas Instruments BA II plus**. You can also choose

calculators that have built-in financial functions. It should be able to calculate IRR (internal rate of return) for a stream of uneven cash flows. *Since this is an online class, the student can opt to use a calculator app on their smart phone. Please see details on class Canvas page.*

Recommended Resources:

If you are serious about getting a business education and a job, you should be subscribing to the *Wall Street Journal*. It may not have the greatest sports section, but it is the authority on what's going on in the business world. If you get into the habit of reading the WSJ regularly (which most finance professionals do), then you will be much more knowledgeable and interview better. Other newspapers and magazines I recommend include: *Financial times*, *Business week*, and *The Economist*. I will also provide reading materials to you for better understanding of ongoing events in the financial worlds.

Evaluation:

| | |
|----------------------------------|-----|
| Participation | 3% |
| Homework | 30% |
| Individual assignment on ethics | 10% |
| Individual assignment on trading | 12% |
| Midterm | 20% |
| Final Exam | 25% |

Grading scale:

The course letter grade will be assigned based on the following schedule:

| | | | |
|----|------------|----|------------|
| A | 95 – 100 | C+ | 77 – 79.99 |
| A- | 90 – 94.99 | C | 74 – 76.99 |
| B+ | 87 – 89.99 | C- | 67 – 73.99 |
| B | 84 – 86.99 | D | 60-66.99 |
| B- | 80 – 83.99 | F | < 59.99 |

Re-grading Policy:

Mistakes can be made in grading. If you believe that there has been a mistake in the grading of your assignments or exams, you should contact me in writing within one week of the receipt of the grade. You should explain to me in detail where and why the grading has been done incorrectly. In such a case, I will re-grade your entire exam, which means your grade may go up or down as a result. All re-grade decisions are final.

Academic Integrity:

Seattle University is committed to the principle that academic honesty and integrity are important values in the educational process. All students must comply with Seattle University policies for conduct and academic honesty at all times during this course. The Seattle University Academic Honesty Policy can be found at the following address:

<http://www.seattleu.edu/registrar/page.aspx?ID=87>

Any violations of these policies will result in referral to the appropriate administrative body. If you are not sure whether a particular action is acceptable according to the Academic Honesty Policy you should check with the instructor before engaging in such an activity.

Course Policies Are Designed to Ensure Fairness:

My goals are to meet the course objectives and to ensure that the course is fair. In order to foster excellence and ensure fairness while achieving these goals, I run the course under the policies detailed below:

The course is fair when the only way that one student gets a better grade than another student is when that student knows the material better. I will refuse any and all requests that have the effect of giving one student or a group of students an unfair advantage over the majority of students. Please do not create an uncomfortable situation by putting me in a position of refusing to make an exception for you when the effect of making that exception will be to give you an unfair advantage over your classmates.

To ensure fairness to all students, there will be no exceptions to the course policies under any circumstances. By remaining enrolled in the course, you agree to abide by the policies detailed below. If you anticipate that you cannot abide by these policies (e.g., because you know that you have a conflict with an exam because of vacation travel or travel in connection with an interview), please either re-arrange your schedule or arrange to take this course in another quarter.

Teaching-informed Research:

I consider my teaching a scholarly endeavor: what I learn from you in this class can help me improve future courses. I may even draw from your assignments to create scholarship that helps others wishing to improve their pedagogical (teaching) practices as well. If I do so, your identity (name or other identifiable information) **will remain anonymous**. If you have concerns, please speak with me.

Academic Resources:

- Library and Learning Commons (<http://www.seattleu.edu/learningcommons/>)
(This includes: Learning Assistance Programs, Research [Library] Services, Writing Center, Math Lab)
- Academic Integrity Tutorial (found on Canvas and SU Online)

Academic Policies on Registrar website

(<https://www.seattleu.edu/redhawk-axis/academic-policies/>)

- Academic Integrity Policy
- Academic Grading Grievance Policy
- Professional Conduct Policy (only for those professional programs to which it applies)

Notice for students concerning Disabilities

If you have, or think you may have, a disability (including an 'invisible disability' such as a learning disability, a chronic health problem, or a mental health condition) that interferes with your performance as a student in this class, you are encouraged to arrange support services and/or accommodations through Disabilities Services staff located in **Loyola 100, (206) 296-5740**. Disability-based adjustments to course expectations can be arranged only through this process.

Notice Regarding Religious Accommodations

It is the policy of Seattle University to reasonably accommodate students who, due to the observance of religious holidays, expect to be absent or endure a significant hardship during certain days of their academic course or program. Please see, *Policy on Religious Accommodations for Students*

(<https://www.seattleu.edu/media/policies/Policy-on-Religious-Accommodations-for-Students---FINAL.PDF>).”

Office of Institutional Equity

Title IX of the Education Amendments of 1972 (Title IX) prohibits discrimination based on sex in educational programs or activities that receive Federal financial assistance. This prohibition includes sexual misconduct, which encompasses sexual harassment and sexual violence. Seattle U remains committed to providing a safe and equitable learning, living, and working environment. Seattle U offers emergency, medical, and other support resources, as well as assistance with safety and support measures, to community members who have experienced or been impacted by sexual misconduct.

Seattle U requires all faculty and staff to notify the University’s Title IX Coordinator if they become aware of any incident of sexual misconduct experienced by a student.

For more information, please visit <https://www.seattleu.edu/equity/>. If you have any questions or concerns, you may also directly contact the Title IX Coordinator in the Office of Institutional Equity (email: oie@seattleu.edu; phone: 206.296.2824) University Resources and Policies.

Class Schedule¹

| | | |
|---------|---------------------|-------------------------------|
| Week 1 | Topics | Time Value of Money |
| | Preparation | Chapter 3 + Canvas Modules |
| | Assignments | HW 1 on MyLab |
| Week 2 | Topics | Cash Flow Valuation |
| | Preparation | Chapter 4 + Canvas Modules |
| | Assignments | HW 2 on MyLab |
| Week 3 | Topics | Determinants of Interest Rate |
| | Preparation | Chapter 5 + Canvas Modules |
| | Assignments | HW 3 on MyLab |
| Week 4 | Topics | Investment Criteria |
| | Preparation | Chapter 8 + Canvas Modules |
| | Assignments | HW 4 on MyLab |
| Week 5 | Topics | Capital Budgeting |
| | Preparation | Chapter 9 + Canvas Modules |
| | Assignments | HW 5 on MyLab |
| | Midterm Exam | Covers week 1-5 |
| Week 6 | Topics | Bond Valuation |
| | Preparation | Chapter 6 + Canvas Modules |
| | Assignments | HW 6 on MyLab |
| Week 7 | Topics | Stock Valuation |
| | Preparation | Chapter 7 + Canvas Modules |
| | Assignments | HW 7 on MyLab |
| Week 8 | Topics | Risk and Return |
| | Preparation | Chapter 11 + Canvas Modules |
| | Assignments | HW 8 on MyLab |
| Week 9 | Topics | Portfolio Analysis |
| | Preparation | Chapter 12 + Canvas Modules |
| | Assignments | HW 9 on MyLab |
| Week 10 | Topics | CAPM; Market Efficiency |
| | Preparation | Chapter 12 + Canvas Modules |
| | Assignments | HW 10 on MyLab |
| | Final Exam | Covers week 1-10 |