

## **Business Finance**

FINC 3400 003, Spring 2021

Asynchronous Online

Seattle University

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Instructor: **Jun Duanmu**, Ph.D., CFA

Office: 423 Pigot

Phone: (206) 296-2536

Email: [jduanmu@seattleu.edu](mailto:jduanmu@seattleu.edu)

Office hours: Please visit [www.junduanmu.com/teaching](http://www.junduanmu.com/teaching) to book your appointment. (A sample tutorial video is posted on Canvas).

*Email is the most effective/efficient way to contact me.* Please email me at [jduanmu@seattleu.edu](mailto:jduanmu@seattleu.edu) if you wish a quicker response. In order to provide you with the best education experience, you may expect an email reply from me within 24 hours. I firmly believe that prompt and quick communication leads to superior learning outcomes.

### **COURSE OBJECTIVE**

FINC 3400, Business Finance, introduces students to the core principles of financial management. Students will gain understanding as to the Time Value of Money and be able to calculate future and present values of cash flows. Students will learn how to use financial statements to assess the financial health and performance of projects and corporate entities. Students will be introduced to stock and bond valuation, capital budgeting and investment criteria, and the relation between risk and return. These concepts are the basis upon which much of finance and financial management is based.

At the end of the course, students should be able to:

- Identify the primary goal of a corporation and understand the nature of agency problems in a corporation.
- Understand and apply the concepts of time value of money and interest rate compounding.
- Understand financial statements and perform basic financial statement analysis.
- Understand definitions and features for stock and bond and perform basic bond and stock valuation.
- Identify the components of the required rate of return and compute the cost of debt and the cost of equity using the Capital Asset Pricing Model.
- Perform project evaluation by estimating the project's incremental cash flows and applying capital-budgeting tools.

The course will be a blend of lecture and class participation. Most class meetings will include a breakout session in which students work in groups or individually to solve a problem or case.

### **PREREQUISITES**

The course prerequisite is ACCT 2300, ECON 2130, and quantitative skills at the level of intermediate algebra.

The course assumes that you have completed introductory courses in basic algebra, finance, accounting and statistics. You are expected to have *proficiency* in (i) all mathematics up to calculus, (ii) accounting

principles, (iii) basic statistics, especially knowledge on probability distributions, mean, variance, covariance, and regression analysis. (iv) spreadsheet modeling in *Microsoft Excel*, and (v) internet skills such as searching, email, downloading files, etc. If you have not completed the necessary coursework or do not feel comfortable with the requisite skills, you will find the concepts introduced in this course difficult. Please come to me if you have any questions about the requirements.

### TEXT BOOK and RESOURCES

The text for the course is *Essentials of Corporate Finance*, Ross, Westerfield & Jordan (McGraw-Hill/Irwin, 10<sup>th</sup> edition, **ebook is available, see below; Please use the link below to purchase your access**).

**Connect Access:** <https://connect.mheducation.com/class/j-duanmu-spring-2021-finc3400-03>

This course requires paid access to McGraw-Hill's Connect Finance. Connect Finance is an online homework management system containing questions tied directly to your textbook. Connect can be purchased standalone or with an ebook (ConnectPlus). Go to the web address displayed above. Enter your e-mail address. If you are a new user, you'll see two options. Either click to enter your access code (purchased via the SU Bookstore) OR Click to purchase access to Connect online. Fill out the registration form. Once you see this message, you can access your Connect homepage by clicking on "Go To Connect Now". At your Connect homepage you can access your assignments, study center, grades, and other resources provided by your instructor. Start by clicking any of the assignment titles displayed on the list. ***Shall you have any question with Connect Access, please email me immediately! Quizzes and Exams are administered via Connect.***

**Books for Fun:** *My Life as a Quant: Reflections on Physics and Finance*, Emanuel Derman

*A Random Walk Down Wall Street*, Burton Malkiel

*Fooled by Randomness*, Nassim Taleb

*Naked Statistics* and/or *Naked Economics*, Charles Wheelan

Anything by Michael Lewis

**Movies for Fun:** *Wall Street*, *Margin Call*, *Inside Job*, *The Flaw*, *Money for Nothing*, *The Big Short*, *Rogue Trader*, *The Smartest Guys in the Room*

**Online Resources:** *Wall Street Journal*, *Business Week* and *Barron's*;

<http://www.marketwatch.com/>;

<http://finance.yahoo.com/>;

<http://money.cnn.com/>;

<https://www.msn.com/en-us/money/>

You will want a **financial calculator** for homework and exams. You will want to bring it to each class as we will have opportunity to work some problems in class for clarification and practice. I recommend the Texas Instruments BA II Plus. In class instructions, we will be learning to use Texas Instrument BA II Plus calculator.

All of the lectures recorded will be posted online within Canvas. Text reading will be supplemented by various articles and other relevant materials to be made available throughout the quarter. PowerPoint slides, articles and links of interest, and other material will be made available on Canvas. You are responsible for managing relevant material. Please check it frequently for updates. Course grades will be recorded in Connect.

There is a lot of material to be covered in this class. I cannot possibly cover all chapters in their entirety. Rather, I will discuss the more difficult material. Since I will often move rapidly through the material, you will benefit from reading the relevant material from the text in addition to watching each lecture.

There is no way you can do well in the class without working problems on your own. Virtually all the textbook problems in the assigned chapters are worthwhile. Completing the assigned homework on Connect is a very helpful way to conquer the materials covered in the lectures. **Waiting until the week before an exam to start homework and quizzes is an almost certain road to an F.**

### ATTENDANCE, ASSIGNMENTS AND GRADING

It should be obvious that attendance and participation are critical to building understanding. In order to encourage your attendance and participation you will earn points for each class attended. I also expect your participation. If you have a question, ask. Other people will appreciate that your question resulted in clarification for all. Your attendance grade will be determined by your attendance points divided by total possible points adjusted for any class cancelations, university excused absences, and participation.

**There are three exams.** Exam 1 and 2 are not comprehensive per se, in that I will not directly ask you questions on exam 2 that we covered for exam 1, but the material builds upon itself. That means you cannot hope to do well on the last exam if you don't understand the material from the beginning of the course. Exam 3 is comprehensive, with a higher weight on the materials we covered after exam 2.

If you will miss an exam due to a scheduled University excused activity (i.e. away game) you must make arrangements with me *prior* to the exam to schedule a make-up exam. Dire and unforeseen circumstances that make taking an exam impossible will potentially be allowed a make-up exam at the sole discretion of the instructor. Unexcused missed exams will be graded as a 0%.

Exam are taken online in Connect. They will be open book/note. However, you will not be allowed to work with others on the exams. You **CANNOT** use any website other than Canvas and Connect during the exam. The exams will include, but not limited to, a combination of multiple choice, true/false, problem, and short-answer/essay questions. Exams will be open for a 48 hour window (**PAY CLOSE ATTENTION TO THE SCHEDULE!**). Once you have elected to start the exam you will have 2 hours to complete it. There will be no make-up exams. It is your responsibility to take all exams at the scheduled time. The exams will emphasize not how well you have memorized solutions to the problems you have seen, but rather how well you understand and apply general principles to new situations. Bear this in mind as you study. Exam feedback will be released after 48 hour window.

**There are ten quizzes.** Each quiz is due at 11:59pm, every Monday. Please find your exact due dates in the class schedule page attached in the back. Quizzes will be taken on Connect Finance and each quiz will be live on Connect one week before the due date. There is a 1 hour time limit and you are limited to 1 attempt. Quizzes are open note/book. However, you will not be allowed to work with others on the quizzes. You **CANNOT** use any website other than Canvas and Connect during the quiz. All

answers/solutions will be released after the due date, unless otherwise stated in the course schedule. Regardless of the reason for missing a quiz, make-up quizzes will not be given to anyone for any reason. It is your responsibility to submit your quiz on time. Late submission will not be accepted. Missed quiz will be assigned a grade of 0%.

Appeal Process: You will be given one week from the date that I return a graded quiz or exam to the class to notify me in writing of any problems with grading or assessment. This includes such things as incorrectly graded problems, poorly worded questions, unfair questions, etc. Include your name, the quiz or exam you are referring to, the question you are referring to, and a brief explanation of the problem. After one week has passed, I will not address previous quizzes and exams.

**There are UNGRADED practice homework.** There will be one practice “homework” per chapter. I *strongly* suggest you work through practice homework before attempting the graded quizzes and exams. You have unlimited attempts on practice questions, no time limit, and you will get immediate feedback as to correct/incorrect with explanations. Keep in mind, it is your sole decision and responsibility to complete the practice homework, I am not going to grade the practice homework in any manner. Failure to complete the practice homework will not carry any impact on your grade. Neither will the successful completion of the practice homework.

Grading is as follows:

Attendance and Participation	50pt
Quizzes	20pt*10=200pt
Exam 1	250pt
Exam 2	250pt
Exam 3	250pt
TOTAL	1,000pt

A final word on grading: **Grades are earned, not given.** There will be ample, timely feedback with regard to your standing in the course as we progress throughout the semester. It should be obvious that attendance and participation are critical to building understanding. I expect you to come to class prepared not just to listen, but to participate. If you have a question, ask it. Other people will appreciate that your question resulted in clarification for all. Finally, your grade is subject to rounding such that an 899.99999999 is a “B+”, and, a 900 is an “A-”. Standard university grading scales apply, i.e.,

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A	930-1000	C	730-769
A-	900-929	C-	700-729
B+	870-899	D+	670-699
B	830-869	D	630-669
B-	800-829	D-	600-629
C+	770-799	F	0-599

### **CANVAS: DELIVERY OF COURSE MATERIALS**

I will establish a course web page on the Internet. Always check the Canvas page for class announcements and course information. This site will include PowerPoint files of the course lecture notes, homework assignments and solutions, any external web links, and relevant updates about the class including any changes in assignments or exams. You will be responsible for bringing the relevant course materials to each lecture. If a file or link is not operational, let me know via email ASAP so I can correct the link. If you have any other problems using Canvas, contact the Seattle University technology help desk.

### **AUDIO OR VIDEO TAPING**

AUDIO OR VIDEOTAPING IN CLASS IS PROHIBITED WITHOUT THE INSTRUCTOR'S PRIOR APPROVAL. For protection of proprietary knowledge and for a variety of other reasons, audio and videotaping of any class session is strictly prohibited without prior approval of the instructor. Under extreme circumstances or for a pre-approved class absence, audio taping a class session will be allowed on a case by case basis and with the express permission of the instructor. The student will be responsible for making all necessary arrangements. Students will need to adhere to the appropriate agreed upon use of the content material of these audio tapes.

### **ACADEMIC RESOURCES & ACADEMIC INTEGRITY**

Library and Learning Commons (<http://www.seattleu.edu/learningcommons/>, this includes: Learning Assistance Programs, Research [Library] Services, Writing Center, and Math Lab).

Academic Integrity Tutorial (found on Canvas and SU Online).

Seattle University is committed to the principle that academic honesty and integrity are important values in the educational process. Academic dishonesty in any form is a serious offense against the academic community. Acts of academic dishonesty will be addressed according to the Seattle University Academic Honesty Policy.

### **ACADEMIC POLICIES ON REGISTRAR WEBSITE**

The policies can be found at the address:

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 ACCOMODATIONS

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: [ois@seattleu.edu](mailto:ois@seattleu.edu); phone: 206.296.2824) University Resources and Policies.

## COPYRIGHT NOTICE

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted materials, including music and software. Copying, displaying, reproducing, or distributing copyrighted works may infringe the copyright owner's rights and such infringement is subject to appropriate disciplinary action as well as criminal penalties provided by federal law. Usage of such material is only appropriate when that usage constitutes "fair use" under the Copyright Act. As a Seattle University student, you are required to follow the institution's copyright policy. For more information for SU copyright policy, see <http://www.seattleu.edu/policies/copyright.aspx>.

## COURSE SCHEDULE

**DISCLAIMER: I reserve the right to modify the syllabus, course materials, format, schedule, and assignments as desirable and necessary throughout the course to best utilize our time together.**

<b>Week</b>	<b>Topic</b>	<b>Chapters</b>	<b>Due Date</b>	<b>Dues</b>
<b>Week 1</b>	<b>Intro to Financial Management</b>	<b>1</b>	<b>4/5/2021</b>	<b>Syllabus Quiz</b>
<b>Week 2</b>	<b>Financial Statements, Taxes, and Cash Flow</b>	<b>2</b>	<b>4/12/2021</b>	<b>Quiz 1</b>
<b>Week 3</b>	<b>Working with Financial Statements</b>	<b>3</b>	<b>4/19/2021</b>	<b>Quiz 2</b>
<b>Week 3 Exam</b>	<b>Exam 1</b>		<b>4/21/2021</b>	
<b>Week 4</b>	<b>Time Value of Money</b>	<b>4</b>	<b>4/26/2021</b>	<b>Quiz 3</b>
<b>Week 5</b>	<b>Discounted Cash Flow Valuation</b>	<b>5</b>	<b>5/3/2021</b>	<b>Quiz 4</b>
<b>Week 6</b>	<b>Bond Valuation</b>	<b>6</b>	<b>5/10/2021</b>	<b>Quiz 5</b>
<b>Week 7</b>	<b>Stock Valuation</b>	<b>7</b>	<b>5/17/2021</b>	<b>Quiz 6</b>
<b>Week 7 Exam</b>	<b>Exam 2</b>		<b>5/19/2021</b>	
<b>Week 8</b>	<b>Risk and Return</b>	<b>11</b>	<b>5/24/2021</b>	<b>Quiz 7</b>
<b>Week 9</b>	<b>Cost of Capital</b>	<b>12</b>	<b>5/31/2021</b>	<b>Quiz 8</b>
<b>Week 10</b>	<b>NPV and Other Investment Criteria</b>	<b>8</b>	<b>6/7/2021</b>	<b>Quiz 9</b>
<b>Finals Week</b>	<b>Exam 3</b>		<b>6/9/2021</b>	