

FINC 3400-2: Business Finance Online Winter 21

Section 2

Instructor: Vinay Datar
Office: PIGT 406
Email: vinay@seattleu.edu

Classroom: Zoom/Canvas/MyFinanceLab
Class time: M/W/F 12:30-1:55
Office hour: M/W 11:30-12:30

Course Description:

This course covers the foundations of finance with an emphasis on applications that are vital for corporate managers and investors. 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 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
- 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)

MyFinanceLab:

MyFinanceLab (MFL) is an online homework, tutorial, and assessment system that accompanies our textbook. Homework of this course will be assigned on and graded by MyFinanceLab.

It can be accessed at <http://myfinancelab.com>

MFL course name: Finc-3400-02-W21

MFL course ID: **datar61101**

Financial Calculator:

In class I will be using **Texas Instruments BA II plus** and EXCEL. You can use any calculator that has built-in financial functions. It should be able to calculate IRR (internal rate of return) for a stream of uneven cash flows. Excel format for financial functions is quite similar.

Recommended Resources:

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.

Class Operation:

Lecture slides will be posted on Canvas ahead of each class. I expect you to read the slides before you come to the class and be prepared to answer questions on the slides and participate in class discussion. **The slides are no substitute for coming to class.** There will be materials that you will be responsible for that are not covered in my slides.

Office Hours:

You will find it much more productive if you come well prepared, and you can express your difficulties in terms of a specific problem or concept covered in class.

Evaluation:

Homework	20%
Quiz	20%
Mid Term + Corrections	30%
Final Exam	30%

Your corrections to Mid-Term exam will earn you points.

Contingency Plan: If the Final Exam is declared optional by Seattle Univ (such as it was in Spring 2020) then your corrections to Mid-Term will not add any points.

Such score will end up no higher than B+ for **optional** course grade using grading scale on next page. I'll explain more in class.

Participation:

Class Participation is strongly encouraged in this class. Interactive learning helps you keep better focus on class discussion. Communication skill is also very important for you to succeed in the business world. I encourage students to raise questions, engage in class discussion, and share real life examples of the covered topics.

Homework:

I will assign homework questions through **MyFinanceLab (MFL)** after each book chapter. Your answers submitted on MFL will be automatically graded and recorded including penalty for late submission. I will not interfere with the schedule and grading.

The questions on MFL for each student have different numerical entries. This allows you to work with classmates in the effort of finding solutions, but the answers you submit on your MFL should be unique for yourself.

Quizzes:

There will be 4 quizzes, evenly distributed throughout the quarter. Each of the 4 quizzes contains 3 to 5 numerical or conceptual questions that will take 30 minutes to finish.

Exams:

There will be one midterm exam and one final exam. Please refer to the class schedule for the exam time. Exams are closed notes and closed book. Final Exam coverage is cumulative. That is, it will cover materials

delivered during the entire quarter. Calculators, financial and/or graphic, are allowed during quizzes and exams. Computers may be used.

Grading scale:

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

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

Re-grading Policy:

Mistakes can be made in grading. If you believe that there has been a mistake in the grading of your quizzes 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.

Make-up Exam Policy:

Missing a quiz or an exam will result in a zero score. No make-up exam will be offered unless a legitimate documented excuse (such as illness or participation in a university event) has been provided before the exam. A student cannot take a make-up to improve the score on an exam if she/he has not done well. I reserve the right to give make-ups at my discretion based on the excuse provided.

Laptop Policy:

There will be a few opportunities during class to use your laptops and I will let you know when these occur. If you want to use a laptop, other mobile device, or recording device in class at any other time, you need to ask for permission in advance. There are very few instances where I will agree (such as an accommodation through Disability Services), and there are good reasons for this:

- Good note-taking skills are vital for you in your future careers: You can't always rely on technology being available, can't expect to be given prepared summaries or notes, nor can you afford the time to write everything long-hand.
- Using laptops can be a distraction, both for other students and for the instructor. The temptation to attempt to "multi-task" using technology in class can also be enormous, but to do so would be extremely discourteous to the entire class, and would be a waste of your own learning opportunity.

Please be respectful of other students' time and commitment to their studies by not breaching this policy so that we don't end up in the embarrassing position of having to ask you to leave the class.

Tips for Success:

Finance is not a difficult subject to learn if you keep-up with the material weekly. You will not be able to understand the advanced concepts without investing time in learning the fundamentals. Perhaps more so than other subjects, finance is difficult to learn by cramming. If you do not do any work for the first three weeks of the course, it is very likely that you will be hopelessly lost for the remainder of the course. Here are some tips for success in this class:

- **Come to the class prepared** – read the lecture slides and assigned materials BEFORE class. I want you to come to the class seeking answer to your questions.

- **Spend an hour each day** on this course outside class (or two hours every other day). You will spend less time in total and understand the material better than if you try to do it all the night before an exam.
- **Study in group.** Answer each other's questions and take turn to explain concepts to each other.
- **Seek help right away.** If you are uncertain about any of the materials covered, don't wait to ask my help (in class, by email, or see me during office hours). I will be more than happy to work with you to clear the concept.
- **Practice, practice, practice** – work on end-of-chapter questions in the textbook, make study plan in MFL.

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.

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

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- 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.

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: oiie@seattleu.edu; phone: 206.296.2824) University Resources and Policies.

Canvas Class Schedule¹

Week	Date	Topic	Reading	Remarks
1	6-Jan	Introduction; Time Value of Money	1.1-1.4, 3.3	MyFinanceLab setup
2	11-Jan	Cash Flow Valuation	4.1-4.3	Calculator setup
	13-Jan	Cash Flow Valuation	4.4	
	15-Jan	Interest Rates Determination	5.1-5.4	
3	18-Jan	Holiday		
	20-Jan	APR, EAR, and Amortized Loan	5.1 - 5.4	
	22-Jan	APR, EAR, and Amortized Loan	5.1 - 5.4	Quiz 1 (Week 1-2)
4	25-Jan	NPV and Other Investment Criteria	8.1-8.4	
	27-Jan	Identifying Incremental Cash Flows	9.1, 9.4	
	29-Jan	Continued	9.1-9.4	Quiz 2 (Week 3-4)
5	1-Feb	Capital Budgeting, I - FCF estimation	9.2, 9.3	
	3-Feb	Capital Budgeting II – Making a Decision	9.5	
	5-Feb	Continued		
6	8-Feb	Review for Mid Term		
	10-Feb	Continued		
	12-Feb	Midterm Exam		Week 1-5
7	15-Feb	Holiday		
	17-Feb	Bond Valuation I	6.1-6.4	
	19-Feb	Bond Valuation II	6.1-6.4	
8	22-Feb	Stock Valuation I	7.1-7.5	
	24-Feb	Continued	7.1-7.5	
	26-Feb	Continued	7.1-7.5	Quiz 3 (Week 7)
9	1-Mar	Risk and return I	11.1–11.3	
	3-Mar	Continued		
	5-Mar	Continued		Quiz (Week 8)
10	8-Mar	Review/ Q&A		
	10-Mar	Continued		
	12-Mar	Continued		
	15-Mar	Continued		
	19-Mar	Final Exam (10-11:45)		Week 1-10

**** Missing final will result in a zero score for final.**

¹ This is a tentative class schedule. It is subject to change according to the actual progress of course.

Homework **Dates**
On MFL MyFinanceLab

HW1/Ch 3	Jan 6-Jan 10
HW2/Ch 4	Jan 11-Jan 17
HW3/Ch 5	Jan 18-Jan 24
HW4/Ch 8	Jan 25-Jan 31
HW5/Ch9	Feb 1-Feb 7
HW6/Ch6	Feb 15-Feb 21
HW7/Ch7	Feb22-Feb28
HW8/Ch11	Mar1-Mar7
HW all chapters.	Mar 7-Mar 18 (not graded)

In Class Quiz and Exams on Canvas

<i>Quiz 1 (Week 1-2)</i>	<i>Jan 22</i>
<i>Quiz 2 (Week 3-4)</i>	<i>Jan 29</i>
<i>Midterm (Week 1-5)</i>	<i>Feb 12</i>
<i>Quiz 3 (Week 7 material)</i>	<i>Feb 26</i>
<i>Quiz 4 (Week 8 material)</i>	<i>Mar 5</i>

Final Exam Wed Mar 17 (2:00pm-3:45pm) Weeks 1-10