**BUAD 215x: Foundations of Business Finance**

Lecture 8:00-9:50 a.m. M W Room: HOH 422

4 Units - 40 of 40 registered with 3 on waitlist 8/22/09

(Syllabus subject to revision)

**Instructor: Duke K. Bristow, Ph.D.**

USC Office Accounting 232A Telephone: (213) 740-6513, USC Fax: (213) 740-6650

Email: [dbristow@usc.edu](mailto:dbristow@usc.edu)

Course website: on Blackboard (later this week) (<http://blackboard.usc.edu>)

**Office hours:** 10 to 11 a.m. M W and by appointment.\*

\**E-mail is a dependable and efficient way to communicate with me.*

**Catalogue Description:**

Principles and practices of modern financial management; analysis of financial statements; valuation of investment; asset pricing under uncertainty; elements of financial decisions. **Not available for credit to business majors.** Prerequisite: BUAD 200x and ACCT 410x.

**Course Description:**

This course is primarily designed to introduce non-business majors to fundamentals of corporate finance. It explains the procedures, practices and policies by which financial managers contribute to the successful performance of organization. The course also provides students with knowledge of key finance concepts and theoretical principles related to the time value of money, the effects of debt and dividend policy on firm value, the operation of financial markets, and the operation of foreign exchange markets. In addition, the course is intended to provide students with the tools to calculate the value of stock and bond investments, to evaluate investments in productive firm assets, to assess the risk of investments, to determine the cost of capital for firms and individual projects and to calculate exchange rates across different national currencies.

**Required Course Materials:**

* **Text:** Stephen Ross, Randolph Westerfield, Bradford Jordan, *Essentials of Corporate Finance*, 6th Edition, Irwin/McGraw-Hill, 2008, ISBN 9780078179464 with ReadyNotes; Book only is 9780073405131.
* **Additional Reading:** *The Wall Street Journal*, ISBN 9781427527011 in bookstore packet with special student pricing (also available through Factiva in the Crocker Business Library) is required reading. Slides, handouts and supplemental readings and articles will be posted on Blackboard. Read at least page one every day, Mon to Fri.
* **Note:** You may not record the class without my prior written permission.
* **Financial Calculator:** You should bring your calculator to class with you for in-class examples. You are not required to have any specific model; however, I suggest the HP 12-C or TI-BA II Plus calculators (which are a few common models). You are expected to know how to use your calculator to do the problems in homework and in class. The Hewlett Packard 10BII Financial Calculator is reasonably priced (~$30 at Amazon.com) also available at USC bookstore and at Staples, Office Depot, etc.

**Grading Criteria:**

**BUAD 215 Grading Criteria:**

Class Participation/Attendance

15%

Midterm

40%

Final Exam

45%

Total

100%

Grade distributions will be provided after each examination. Your grade is based on your total score and is subject to the last Marshall curve. If you don’t want to be on a curve drop this class.

**Attendance/Class Participation Grade: 15 points**

In order to received full credit for the class participation grade you must miss no more than 5 lectures and exhibit good participation in class. No one may sign you in except yourself; signing others in is cheating and will not be tolerated. The class is taught as a discussion with the students being active participants. If you don’t plan to come prepared please drop the course. Posting thoughtful questions and answers to Blackboard counts toward class participation. You should post your short bio and a resume on Blackboard by the end of the second week of classes.

**Readings:**

You are responsible for preparation for class participation and examinations:

1. Reading the assigned topics as outlined in the lecture schedule, from chapters in the required textbook. Read one week ahead of the lecture.
2. Reading the Wall Street Journal on a daily basis in preparation for class discussion.

**Midterms & Final Examinations: 85 points**

**Mid-term Examination: Oct 14th - Chapters 1-7: 40 points**

**Comprehensive Final Exam: Date Dec 9? - Chapters 1-15: 45 points**

The midterm is worth 40% of your grade and the final exam is worth 45% of your course grade. Class participation often makes the difference of one whole letter grade. Exam questions will include both qualitative and quantitative questions from material covered in class, and presented in the readings (textbook, articles posted, Wall Street Journal) including current events relevant to this class. Questions may be in multiple-choice, short answer and numerical-problem format. **There will be no make-up exams offered.** If you miss an exam the next one counts for the one you missed. *Bring a financial calculator and three sharpened #2 pencils to each exam; they are not provided. Knowing where and when the final exam is scheduled is your full responsibility.*

**Exam Policies:**

* If you have pre-arranged trips on the day of exams, please drop the course. There will be no make-up pop quizzes or exams. Quizzes count toward participation.
* All exams are closed-book and closed-notes. No talking during an exam.
* You are required to follow all instructions given on the cover sheet of each test. Failure to do so may result in not receiving credit for correct answers.
* It is your responsibility to check your quiz or exam to ensure that no pages are omitted. If your test is missing a page, ask the proctor for a new test. Requests for re-grades because pages are claimed to have been missing from a test will not be allowed.
* Laptops, PDAs and wireless handhelds and cell phones may not be used in any quiz or exam. You should bring a financial calculator to perform calculations.
* If you change your answer on the scantron sheet, it is your responsibility to properly erase other answers you had previously selected. Scantrons that are misgraded because of poor erasure marks will not be re-graded.

**Authorized Absences:**

Students who will be absent from a scheduled class meeting or examination because of an official University activity may be granted an official excuse in advance of the events by the dean or department chair. It is the responsibility of the activity sponsor to provide lists of eligible students in time for the administrator to give approval.

**Student Disability:**

Any student requesting academic accommodations based on a disability is required to register with Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodations can be obtained from DSP. Please be sure the letter is delivered to me as early in the semester as possible. DSP is located in STU 301 and is open 8:30 a.m. to 5:00 p.m., Monday through Friday. The phone number for DSP is (213) 740-0776.

**Code of Ethics & Academic Integrity:**

The use of unauthorized material, communication with others during an examination, attempting to benefit from the work of another student, signing another onto sign in sheet or anything that defeats the intent of an examination or other class work is unacceptable to the University. It is often difficult to distinguish between a culpable act and inadvertent behavior resulting from the nervous tensions accompanying examinations. Where a clear violation has occurred, the student’s work will be disqualified as unacceptable and a failing mark will be assigned.

All students at the University of Southern California have an inherent responsibility to uphold the principles of academic integrity and to support each other and the faculty in maintaining a classroom atmosphere that is conducive to orderly and honest conduct. Students must understand and uphold the rules printed in the Student Conduct Code in the USC SCampus handbook, regarding examination behavior, fabrication, plagiarism, and other types of academic dishonesty.

**Unclaimed Paperwork:**

Copies of scantrons results unclaimed by a student will be discarded after four weeks and will not be available should a grade appeal be pursued by a student following receipt of final grades.

**Acknowledgements:**

I thank Julia Plotts for use of her course materials and Helen Pitts for administrative assistance.

**UNIVERSITY OF SOUTHERN CALIFORNIA**

**MARSHALL SCHOOL OF BUSINESS**

BUAD 215x Duke K. Bristow, Ph.D.

Fall 2009 Accounting Hall 232A

Phone (213) 740-6513 email: [dbristow@usc.edu](mailto:dbristow@usc.edu)

**Preliminary COURSE SCHEDULE subject to change**

HOH 422 Monday / Wednesday 8:00 a.m. to 9:50 a.m.

|  |  |  |
| --- | --- | --- |
| Date | Topic(s) | Text Reading(s) |
| **Week 1** |  |  |
| Aug 24 | Course Overview, Syllabus, Intro to Fin Mgmt | Chapter 1 |
| Aug 26 | Introduction to Financial Management (cont.) | Chapter 1 |
|  |  |  |
| **Week 2** |  | |
| Aug 31 | Financial Statements, Taxes & Cash Flow | Chapter 2 |
| Sep 2 | Financial Statements, Taxes & Cash Flow | Chapter 2 |
|  | Student Bio and Resume due |  |
| **Week 3** |  | |
| Sep 7 | Labor Day Holiday – no class |  |
| Sep 9 | Working with Financial Statements | Chapter 3 |
|  |  |  |
| **Week 4** |  | |
| Sep 16 | Working with Financial Statements | Chapter 3 |
| Sep 18 | Introduction to Valuation: Time Value of Money | Chapter 4 |
|  |  |  |
| **Week 5** |  | |
| Sep 21 | Discounted Cash Flow (DCF) | Chapter 5 |
| Sep 23 | Discounted Cash Flow (DCF) | Chapter 5 |
| **Week 6** |  | |
| Sep 28 | Interest Rates & Bond Valuation | Chapter 6 |
| Sep 30 | Interest Rates & Bond Valuation | Chapter 6 |
|  |  |  |
| **Week 7** |  | |
| Oct 5 | Equity Markets & Stock Valuation | Chapter 7 |
| Oct 7 | Equity Markets & Stock Valuation | Chapter 7 |
|  |  |  |
| **Week 8** |  |  |
| Oct 12 | Review Session | Chapters 1 through 7 |
| Oct 14 | Midterm Examination | Includes current events |
|  |  |  |
| **Week 9** |  |  |
| Oct 19 | Net Present Value & Other Investment Criteria | Chapter 8 |
| Oct 21 | Net Present Value & Other Investment Criteria | Chapter 8 |

|  |  |  |
| --- | --- | --- |
| **Week 10** |  | |
| Oct 26 | Making Capital Investment Decisions | Chapter 9 |
| Oct 28 | Some Lessons From Capital Market History | Chapter 10 |
|  |  |  |
| **Week 11** |  |  |
| Nov 2 | Risk & Return | Chapter 11 |
| Nov 4 | Risk & Return | Chapter 11 |
|  |  |  |
| **Week 12** |  |  |
| Nov 9 | Cost of Capital | Chapter 12 |
| Nov 11 | Leverage & Capital Structure | Chapter 13 |
|  |  |  |
| **Week 13** |  |  |
| Nov 16 | Leverage & Capital Structure | Chapter 13 |
| Nov 18 | Dividends & Dividend Policy | Chapter 14 |
|  |  |  |
| **Week 14** |  |  |
| Nov 23 | Dividends & Dividend Policy | Chapter 14 |
| Nov 25 | Raising Capital | Chapter 15 |
| Nov 26 | Thanksgiving | Eat turkey |
| **Week 15** |  |  |
| Nov 30 | Raising Capital or Flex Day | Chapter 15 |
| Dec 2 | Final Exam Review Session | Chapters 1 through 15 |
|  |  |  |
|  |  |  |
| Dec 9? | Final Exam | Includes current events |

Final Exam Schedule Fall 2009: http://www.usc.edu/academics/classes/term\_20093/finals.html

It is your responsibility to be on time, prepared and in the right place for all exams. Set two alarms, one is windup and the other is a plug in. Put out calculator with an extra battery and No. 2 pencils with erasers the night before.

This is the second or third hardest class at Marshall. Stay ahead and you’ll go great. Form a study group the first week of classes and start working problems from the text.