

BUSINESS FINANCE
(Fundamentals of Corporate Finance)
BA 303
Spring 2008

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You will also find useful materials at the publisher's web site:

http://highered.mcgraw-hill.com/sites/007353062x/information_center_view0/

This contains chapter outlines, practice quizzes, and relevant web links.

Course Catalog Description

Development and study of a decision framework for financial management with special emphasis on small and medium-sized businesses. Topics include analysis of financial health, planning for future financial performance, evaluation of investment opportunities, and analyses of risk. Financing of firm growth and valuation will be introduced. An integration of the concepts of financial management into a total system approach to business decision making will be facilitated with the use of cases, as appropriate.

Prerequisites

- (1) **BA 205: Business Communications Using Technology**
Working knowledge of Excel expected.
- (2) **BA 211: Fundamentals of Financial Accounting**
- (3) **Junior Standing**
- (4) **Business Calculator**

Note:

The School of Business Administration strictly enforces prerequisites for business courses. If you complete the prerequisites for a course *subsequent to* completing the course, you will not receive credit for the prerequisite courses: you've taken the courses out of sequence. Contact me immediately if you haven't completed the prerequisite coursework.

Course Learning Objectives

Understand how and when to apply the basic concepts of financial analysis in a business setting, demonstrated through your ability to:

- Evaluate the financial health of firms through financial statement analysis
- Forecast financial statements and determine funds needs
- Use future and present value techniques to solve valuation problems
- Forecast cash flow and performance characteristics of planned capital expenditures
- Understand and quantify the relationship of investment risk to investment returns
- To a lesser but important extent, develop competence in the use of spreadsheets to present, analyze, and solve financial problems.

Concepts and Applications Reviewed in the Course

By the conclusion of the course, you will be able to perform the following financial decision making analyses, given the pedagogical approach and the materials to be covered:

- understand time value of money calculations and applications in financial problems
- use the general valuation and general returns models to analyze securities and capital investments
- understand cash flow and market value concepts
- construct and analyze a Statement of Cash Flows
- calculate and interpret basic financial ratios
- construct a full set of projected financial statements
- understand how to construct and assess a proposed capital budgeting project
- conduct project variance analysis
- understand basic history of securities performance and learn how to measure and interpret historical returns
- understand the relationship between risk and returns: both in theory and application
- understand how companies measure their cost of capital

Class Schedule

The class schedule will follow the chapter structure of the book (one chapter per class). In some cases chapters may span two classes or materials may only briefly be discussed. After every fourth chapter the next class will consist of a test. You will receive a study test to acclimate yourself with prior to the test and you will have the full class time to complete the test.

Since my background is in running real-world companies don't be surprised when I throw out some of the more esoteric theories and formulas in favor of applicable content.

Required Text

Ross, Westerfield and Jordan: Fundamentals of Corporate Finance, 8 ed., Irwin, 2007.

Recommended Materials

Publisher's web (http://highered.mcgraw-hill.com/sites/007353062x/information_center_view0/):

Class website www.wadebrooks.com/ba303ws

Contains important course materials, including this syllabus, some of the in-class materials, solutions to end-of-chapter problems, spreadsheets and spreadsheet templates. All files may be downloaded and read by Excel 5.0 or higher, or by Word 6.0 or higher.

Optional Supplement: Eyssell: Student Problem Manual to accompany Ross, Westerfield and Jordan.

The bookstore carries a very limited number of this problem manual. It is for those of you who would like additional exercises to work. *However, if you have a new text, there is also study material on the accompanying CD. And there are study materials on the authors' website.*

For each chapter, this manual has three sections:

1. An outline of the chapter, so extensive that it reduces narrative by only about 50% to 70%. Parallel but different numerical examples are used.
2. A concept test, consisting of paragraphs of fill-in-the blank statements. Generally, this is a fair test of your understanding of the flow of ideas in the chapter, plus a check on new terminology and formula definitions.
3. A series of solved problems. These tend to parallel those in the text, and should be a good second dose of the important problems. They have the additional advantage of detailed

solutions to show the way to the solution. There are typically about half as many of these problems as there are end-of-chapter questions and problems.

Grading Procedures

Homework	10%
Classroom Participation	10%
4 Tests (One every four chapters, 20% each)	80%
Total	100%

Grades

Each test will receive a letter grade based upon a curve and natural breaks in scoring. Your final grade will be determined by averaging your test grades according to the following chart with Homework and Classroom Participation making up 20% of your grade.

A	4	3.8
A-	3.7	3.4
B+	3.3	3.1
B	3	2.8
B-	2.7	2.4
C+	2.3	2.1
C	2	1.8
C-	1.7	1.4
D	1.3	0.8
F	0.7	0

Homework

Homework is an integral part of keeping up with the concepts in this class. ***Completion of all homework is a requirement to pass this class.*** In the event all homework has not been received you will receive an incomplete in the class. Unsatisfactory homework will pull your grade down.

Homework will be assigned in class and will be from the back of each chapter. Homework assignments will need to be completed using Excel with gridlines and formulas printed out.

Homework is due at the beginning of the next class period and will be considered late after that time. Homework is graded as either an A (on time with gridlines in excel with formulas), C (late with gridlines in excel), or F (missing problems, no-gridlines, not in excel, missing formulas).

Note that getting the correct answer was not mentioned as part of your grade. You need to work out the problems and show you tried, to get credit. Getting the right answer, although preferable, is not required.

Classroom Participation

You will be expected to participate in class. This means asking and answering questions, sharing your experiences, and working out problems on the board. You don't have to agree with the content or be on topic to receive credit, i.e. if you want to argue a point, disagree, or tell a story relative to business but off topic it still counts. If you don't say anything substantive during the entire class you will receive an F for this portion of your grade (10%).

Tests and Final

There will be four, class long tests (including the final). You will be able to have a 3x5 note card (both sides printed as small as you want) and business calculator on the test. If you show up with a page of notes, 4x6 card, etc. you will NOT be able to use them on the test. Cell phone calculators, computers, etc. will not be allowed. You must make your own note card (if you want to use one) and they will be handed in and not returned at the end of the test.

I will not recognize any absences and there will be no make-ups without a physician's release. If you must miss a test, then your grade will be the average of the three you take. If you miss two or more tests, you will have an F averaged in.

Attendance

You will be held responsible for announcements made in class. This includes test dates, assigned homework and any changes to the schedule. It is assumed that you are in class, in the event you missed a class you will be expected to find out what happened/was assigned, in class from a fellow student. This means assignments will not be posted on the website and email requests for assigned homework will not be answered.

Other Items

- Course participants are expected to maintain the highest standards of academic honesty. Academic honesty is a requirement for passing this course.
- Computers, cell phones, and text messaging devices will not be allowed in class.
- Dates, times, assignment and chapters covered may be change based upon class input and at the discretion of the professor.