Course Syllabus
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Principles of Finance  
Fin 320-001 CRN: 11530 (Kona Side: 11531)  
University of Hawaii at Hilo  
Spring Semester 2013  

Professor: Dr. Terrance Jalbert  
Meeting Place: UCB-114  
Meeting Time: Tuesday and Thursday 5:00-6:15  
Office Hours: Tuesday and Thursday: 11:00-12:15 and 2:00-3:15. Generally, I will be in my office all day on Tuesday and Thursday. I will generally not be in my office on Monday Wednesday or Friday. Please feel free to stop by any time I am in my office. Please feel free to e-mail me or phone me at home if you need help on those days that I am not in my office. If I am not home, please leave a message and I will return your call.  
Office: K-254 Phone Office: 974-7456 Home 959-8156 E-mail: jalbert@hawaii.edu  

Catalog Description: Introduction to concepts and techniques of business finance. Topics include organizational forms, agency relationships, financial analysis and planning, the capital formation process and capital markets, risk and return, time value of money, stock and bond valuation, and capital budgeting.  

Prerequisite Courses: ACC 250 and BBA math requirement  

Calendar  

First Day of Classes: Monday January 7  
Monday, January 21, MLK Day, No Class  
Friday, March 1: Last Day to withdraw from a course with a grade of W  
Monday, February 18, President’s, No class  
Spring Break, March 25-29, No Class  
Wednesday, May 1, Last Day of Regular Classes:  
Wednesday May 1: Last day to withdraw from the university with grades of W  
Your Third Exam is scheduled for Tuesday, May 7: 6:20-8:20 pm in UCB-114  

Midterm Exams: I will announce the midterm exam dates as the course progresses. I will give you at least two weeks notice prior to any exam.
Course Learning Outcomes:

A. Describe organizational forms available to firms, the characteristics of organizational forms, corporate governance, the taxation of firms and how dividend policy and capital structure can be used to affect firm taxation.
B. Understand agency relationships and how to manage the firm to minimize agency problems.
C. Understand the relationships between financial statements, Forecast financial statements into the future and determine future financing needs.
D. Assess the financial health of firms by examining their financial statements.
E. Calculate the returns and riskiness of returns for various assets. Describe the relationship between risk and return. Describe how to use return and risk information to evaluate investments.
F. Describe the capital formation process and sources of funds that are available to firms, and to estimate the cost for various sources.
G. Ability to identify and solve a broad spectrum of time value of money problems. Ability to utilize time value of money techniques in decision making.
H. Describe the characteristics of various financial assets.
I. Describe the source of asset value and to be able to calculate values for various financial assets.
J. Assess the value of potential investments in projects, and make correct decisions on whether or not to proceed with the investment.

Course Materials:

Recommended: Financial Management Theory and Practice by Brigham and Ehrhardt. 13th E.

Required: One of two Texas Instruments Calculators (purchase one or the other, not both)

Alternative 1: Texas Instruments BA-II+ Financial Calculator. It should cost about $40. This calculator has all of the functions we will use in this class.

Alternative 2: Texas Instruments BA-II+ Professional Calculator. This calculator has a few additional functions that are not found in the BA-II+. For those considering taking the Chartered Financial Analyst Exam or other professional exam in finance, you should purchase the Professional version. It should cost about $60.

One (or both) calculators are available at various retail outlets in Hilo including, the UHH Bookstore, Office Max, Wal-Mart, Radio Shack.
You should bring the calculator to class each day.

It is critical that you get access to a calculator early in the semester! It is pretty much impossible to successfully complete the course without the required calculator. Do not wait until the last minute to purchase your calculator as the demand for these calculators exceeds supply in Hilo during peak purchasing times.

If you can not afford to buy a calculator, you may be able to borrow one from a friend. I have been requiring these calculators for some years at UH-Hilo, so most UHH business students have one.

Required: You will be provided the opportunity to purchase a package of materials for the course. The materials contain class overheads, special readings, homework assignments and solutions to the homework assignments. You should bring the package of materials to class each day. (The package is large, so you may want to bring only those sections of the notes that we will be working on each day to class) The cost will be about $35.

Teaching Methods:

The primary teaching style for this course is class lectures and outside-of-class homework.

Evaluation Tools:

Homework:

Homework will be assigned on a regular basis. You are expected to hand in your homework at the assigned time. However, I will accept late homework with a grading penalty.

Attendance Quizzes:

I believe that you learn by attending and participating in the class. Thus, attendance is required and expected. I expect you to arrive to the classroom a minute or two prior to the class starting time. You are also expected to remain in the class for the entire class period. Unlike some professors, my lecture is disrupted by late entrants, early departures or leaving and re-entering of the class. As such, these activities should occur only RARELY! If you enter class late, please enter quietly to minimize the disruption!!

There will be daily attendance quizzes. I will drop your lowest quiz score when I compute your final grade. Please sit in the same spot each day to facilitate conducting the quiz quickly. The goal of the quizzes is for you to be motivated to arrive to class on time, participate positively and to remain in class for the entire class period.
You will receive credit for one quiz each day you are in class. If you arrive late, depart early, or exit and return, you will receive ½ credit for the day. If you arrive late to class, you are responsible to note to me after class that you entered the class to earn the ½ quiz credit. If you miss a combined total of more than 8 classes, your score will be reduced by an additional 1/3 letter grade.

**Behavior:**

You are expected to behave in a manner that is consistent with the UHH Student Code of Conduct. You are responsible for making yourself aware of the responsibilities specified for you in this document. The document can be accessed at:

http://hilo.hawaii.edu/studentaffairs/conduct/student_conduct.php

I specifically wish to call your attention to the following activities that are not allowed in class. If I see you doing any of the following, you will lose your attendance points for the day. Repeat violators are subject to additional grade reductions at my discretion.

- You are disruptive to the class in any way
- You are not engaged in the class
- Using your computer
- Use of headphones
- Text messaging or otherwise using your telephone
- Working on assignments, or studying for another class
- Carrying on a side conversation with someone else in class. If you have something relevant to the class to comment on, it is most welcome, but please share with us all.
- Sleeping

**Academic Dishonesty:**

Do not cheat. The UHH Student Conduct Code and other documents specify significant penalties for cheating.

You should note that I consider possessing or using exams from prior semesters an act of cheating.

**Grading of Homework and quizzes:**

Each homework assignment and quiz receives an equal weight in determining your overall homework score.

**Extra Credit**

There will not be any extra credit work available in this course.
Group Work:

You are encouraged to work on the homework and to otherwise study in groups. However, you are responsible for the material individually.

Academic Dishonesty:

Do not engage in academic dishonesty. This includes obtaining or possessing old exams or old exam questions for a study guide.

In the event that I discover you have engaged in any form of academic dishonesty, you will receive a grade of “F” for the course. In addition, I will do whatever I can to have you expelled from school.

Grading:

<table>
<thead>
<tr>
<th></th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exam I</td>
<td>100</td>
</tr>
<tr>
<td>Exam II</td>
<td>100</td>
</tr>
<tr>
<td>Third Exam (partially comprehensive)</td>
<td>125</td>
</tr>
<tr>
<td>Homework and quizzes</td>
<td>25</td>
</tr>
<tr>
<td>Total</td>
<td>350</td>
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* I will give you at least two weeks notice on the exact dates of the midterm exams.

To earn an A in the course, you need to earn 318.5 points (91%) or more
To earn an A- in the course, you need to earn 311.5 points (89%) or more
To earn a B+ in the course, you need to earn 304.5 points (87%) or more
To earn a B in the course, you need to earn 287 points (82%) or more
To earn a B- in the course, you need to earn 276.5 points (79%) or more
To earn a C+ in the course, you need to earn 269.5 points (77%) or more
To earn a C in the course, you need to earn 245 points (70%) or more
To earn a C- in the course, you need to earn 234.5 points (67%) or more
To earn a D in the course, you need to earn 217 points (62%) or more

Students with Disabilities: Any student with a documented disability who would like to request accommodations should contact the University Disability Services Office - Hale Kauanoe A Wing Lounge, 933-0816 (V), 933-3334 (TTY), uds@hawaii.edu - as early in the semester as possible.
Course Content

A. Course Topics:
   1. Organizational Forms, corporate governance, taxation and implications for dividend policy and capital structure.
   2. Agency relationships and solutions to agency problems
   3. Financial Statements, Cash Flow, and Taxes
   4. Financial Statement Analysis
   5. The Financial Environment: Markets, Institutions and Interest Rates
   6. Risk and Return
   7. Time Value of Money
   8. Bonds and their Valuation
   9. Stocks and their Valuation
   10. Cash Flow Estimation
   11. The Basics of Capital Budgeting
   12. The Cost of Capital

B. Additional Topics to be covered should time permit
   13. Derivative Securities
   14. Capital Structure
   15. Dividend Policy