

**DEPARTMENT:** Economics and Finance

**COURSE PREFIX:** FIN

**COURSE NUMBER:** 330

**CREDIT HOURS:** 3

**I. TITLE:** Principles of Finance

**II. COURSE DESCRIPTION AND PREREQUISITES(S):** A comprehensive study of the field of finance covering institutions, financial markets, investments, and financial theory and techniques relating to financial decisions in business.

**Prerequisites(s):** ACC 200 and junior standing.

**III. COURSE OBJECTIVES:** The student will be able to:

1. master the principles underlying sound financial management,
2. forecast the amount of funds needed by a business firm,
3. properly assess the major types of business financing,
4. properly analyze business investments in a problem-solving format, and
5. present information regarding financial topics in clearly written form.

**IV. CONTENT OUTLINE:**

<u>Chapter</u>	<u>Topic</u>
1	The Role of Managerial Finance
2	The Financial Market Environment
3	Financial Statements and Ratio Analysis
4	Cash Flow and Financial Planning
<b>EXAM 1</b>	
5	Time Value of Money
6	Interest Rates and Bond Valuation
7	Stock Valuation
<b>EXAM 2</b>	
8	Risk and Return
9	The Cost of Capital
10 & 12	Capital Budgeting Techniques & Risk and Refinements in Capital Budgeting (covered together)
11	Capital Budgeting Cash Flows
<b>EXAM 3</b>	<b>FINAL</b> (Not Comprehensive)

Note: Certain chapters and/or parts of chapters may be omitted if time necessitates.

**V. INSTRUCTIONAL ACTIVITIES:** Classroom lectures via Tegrity, text and other readings, videos, and problem solving.

**VI. FIELD, CLINICAL, AND/OR LABORATORY EXPERIENCES:** None

**VII. TEXT(S) AND RESOURCES:**

Principles of Managerial Finance, 13<sup>th</sup> edition, by Lawrence J. Gitman and Chad J. Zutter.

You are REQUIRED to have a financial calculator of some type...even a free online financial calculator will work. However, a Texas Instruments BA II Plus (available at several online stores, Wal-Mart, Office Depot, or the MSU Bookstore for around \$30) is highly recommended although similar calculators with similar functions are allowed. In-

class examples will be worked with a TI BA II Plus. Each student is responsible for reading his/her calculator's manual in order to become proficient in the use of the calculator. There will be no sharing of calculators during exams under any circumstances.

**VIII. EVALUATION AND GRADING PROCEDURES:**

Final grades will be based on points earned as a percentage of possible points.

A	90% - 100%	D	60% - 69.9%
B	80% - 89.9%	E	below 60%
C	70% - 79.9%		

Possible total points will consist of the following:

3 Exams (points per exam may vary).....	26% each (78% total)
4 Quizzes (highest 3 count).....	6% each (18% total)
Attendance, participation, etc.....	<u>4%</u>
Total.....	100%

**IX. ATTENDANCE POLICY:**

*Students are expected to adhere to the MSU Attendance Policy outlined in the current MSU Bulletins.*

**X. ACADEMIC HONESTY POLICY:**

Murray State University takes seriously its moral and educational obligation to maintain high standards of academic honesty and ethical behavior. Instructors are expected to evaluate students' academic achievements accurately, as well as ascertain that work submitted by students is authentic and the result of their own efforts, and consistent with established academic standards. Students are obligated to respect and abide by the basic standards of personal and professional integrity.

**Violations of Academic Honesty include:**

**Cheating** - Intentionally using or attempting to use unauthorized information such as books, notes, study aids, or other electronic, online, or digital devices in any academic exercise; as well as unauthorized communication of information by any means to or from others during any academic exercise.

**Fabrication and Falsification** - Intentional alteration or invention of any information or citation in an academic exercise. Falsification involves changing information whereas fabrication involves inventing or counterfeiting information.

**Multiple Submission** - The submission of substantial portions of the same academic work, including oral reports, for credit more than once without authorization from the instructor.

**Plagiarism** - Intentionally or knowingly representing the words, ideas, creative work, or data of someone else as one's own in any academic exercise, without due and proper acknowledgement.

Instructors should outline their expectations that may go beyond the scope of this policy at the beginning of each course and identify such expectations and restrictions in the course syllabus. When an instructor receives evidence, either directly or indirectly, of academic dishonesty, he or she should investigate the instance. The faculty member should then take appropriate disciplinary action.

Disciplinary action may include, but is not limited to the following:

- 1) Requiring the student(s) to repeat the exercise or do additional related exercise(s).
- 2) Lowering the grade or failing the student(s) on the particular exercise(s) involved.
- 3) Lowering the grade or failing the student(s) in the course.

**If the disciplinary action results in the awarding of a grade of E in the course, the student(s) may not drop the course.**

Faculty reserve the right to invalidate any exercise or other evaluative measures if substantial evidence exists that the integrity of the exercise has been compromised. Faculty also reserve the right to document in the course syllabi further academic honesty policy elements related to the individual disciplines.

A student may appeal the decision of the faculty member with the department chair in writing within five working days. Note: If, at any point in this process, the student alleges that actions have taken place that may be in violation of the Murray State University Non-Discrimination Statement, this process must be suspended and the matter be

directed to the Office of Institutional Diversity, Equity and Access. Any appeal will be forwarded to the appropriate university committee as determined by the Provost.

## **XI. NON-DISCRIMINATION POLICY AND STUDENTS WITH DISABILITIES:**

### Policy Statement

Murray State University endorses the intent of all federal and state laws created to prohibit discrimination. Murray State University does not discriminate on the basis of race, color, national origin, gender, sexual orientation, religion, age, veteran status, or disability in employment, admissions, or the provision of services and provides, upon request, reasonable accommodation including auxiliary aids and services necessary to afford individuals with disabilities equal access to participate in all programs and activities.

In addition, Murray State University does not discriminate on the basis of sex in its educational program and activities and is required by Title IX and 34 CFR part 106 not to discriminate in such a manner. The prohibition against sex discrimination specifically includes a prohibition of sexual harassment and sexual violence. This non-discrimination in education programs and activities extends to employment and admissions and to recruitment, financial aid, academic programs, student services, athletics, and housing.

For more information, contact the Title IX Coordinator and Executive Director of Institutional Diversity, Equity and Access, 103 Wells Hall, (270) 809-3155 (voice), (270) 809-3361 (TDD).

### Students with Disabilities

Students requiring special assistance due to a disability should visit the Office of Student Disability Services immediately for assistance with accommodations. For more information, students should contact the Office of Student Disability Services, 423 Wells Hall, Murray, KY 42071. 270-809-2018 (voice), 270-809-3361 (TDD).

## **XII. OTHER LINKS:**

### **ASSURANCE OF LEARNING**

*Bachelor of Arts in Business (BAB) and Bachelor of Science in Business (BSB) programs:* Graduates of the Bachelor of Arts in Business (BAB) and Bachelor of Science in Business (BSB) programs shall be able to:

- Goal 1: Fundamental Knowledge
- Demonstrate a fundamental knowledge of the core business disciplines.  
Goal 2: Problem-Solving and Decision-making
- Demonstrate effective problem solving and decision making skills in business situations.  
Goal 3: Information Technology
- Apply information technology tools appropriately in the analysis of business problems.  
Goal 4: Ethical Issues
- Perform a structured analysis of ethical issues in business.  
Goal 5: Global and Multicultural Dimensions
- Demonstrate knowledge of the global and multicultural dimensions of the modern business environment.  
Goal 6: Oral and Written Communication
- Communicate effectively in oral and written formats.  
Goal 7: Foreign Language [Bachelor of Arts in Business Programs Only]
- Understand, speak, read, and write a second language at the intermediate level.

**BPA 2009-2013 Strategic Plan:** <http://www.murraystate.edu/cbpa/strategic/>

**Appeals and Grievance Procedure:**

**COB Link:** <http://www.murraystate.edu/cbpa/PDF/Appeals.pdf>

**MSU Link:** <http://www.murraystate.edu/registrar/acad-appeals.htm>

### **XIII. AACSB's 25% Rule: This Course Counts Toward Undergraduate Business Hours:**

Business majors/areas include: Accounting, Business Administration, Computer Information Systems, Finance, International Business, Logistics and Supply Chain Management, Management, and Marketing. All other majors/areas are considered non-business.

Non-business majors are not permitted to complete more than 30 hours of business courses from the prefixes ACC, BUS, CIS, FIN, LSC, MGT, MKT, and RES and the course LST 240 without completing the Business Core Requirements. Courses with the following former Murray State business prefixes are considered business hours for purposes of this rule: BOA, BPA, BUA, CQM, and GBU.

If you plan to complete more than 30 hours, you must contact the Center for Undergraduate Business Advising in the Bauernfeind College of Business for special permission.

### **THIS SYLLABUS IS SUBJECT TO REVISION**

#### **APPENDIX**

The following info typically refers to in-person classes. However, much of it is also relevant to an online class so please read carefully:

**Class will be a mixture of lectures and discussions involving problem solving. I will frequently ask you questions, and I encourage you to ask me questions. Your participation is expected. You are responsible for doing the assigned readings before each class. This will maximize time available in class. Exams will be based on material covered in class and in the textbook. Therefore, it is important that you try not to miss class. Since each class builds on the previous one, if you do miss a class, be sure to get the notes from a classmate before the next class or else you will be lost. Also, I recommend that while waiting for class to begin you review your notes from the previous class.**

**This class is both challenging and time-consuming. Successful completion of the class will require a commitment from you today to spend as much time as necessary to keep up with the class. Getting behind most often results in disappointing exam scores. Furthermore, since most of you will soon be entering the business world, I will be attempting to prepare you for that experience. You will be expected to be prepared and on-time for each class. You will have definite deadlines to meet. Also, the quality of your work must be commensurate with that of other juniors and seniors in an accredited university and business college.**

Students are expected to conduct themselves in a professional manner. Unprofessional language and/or behavior **will not be tolerated** and will result in the student being dropped from the class.

**Much of this course will be enhanced through the use of Tegrity software, which will be discussed a little later via email and video announcements.**

**FINANCE 330**  
**BASIC CONCEPTS OF FINANCE**

1. Risk-Return Tradeoff -- The higher the risk of an investment, the higher the expected return must be.
2. Time Value of Money -- A rational person is not indifferent between having a dollar today or a dollar in the future. Regardless of inflation, a dollar today can be invested and will earn a return over a period of time.
3. Portfolio Effect (Diversification) -- As more assets are added to a group (portfolio), the risk of the total portfolio decreases. This will be true as long as the correlation of the asset being added and the portfolio is less than +1.0.
4. Valuation -- The value of an asset is equal to the present value of its expected returns. The rate used for the present value calculations (the capitalization rate) should be the minimum accepted return, given the risk of the investment.
5. Bond Prices vs. Interest Rates -- There is an inverse relationship between market interest rates and the price of existing fixed income securities.
6. Leverage -- A magnification of earnings which results from having fixed costs in the company.
  - [a] Operating Leverage -- A magnification of earnings (EBIT) which results from having fixed operating costs in the company.
  - [b] Financial Leverage -- A magnification of earnings (EAC) which results from having fixed financial costs in the company.
7. Liquidity vs. Profitability -- There is a tradeoff between liquidity and profitability; gaining more of one usually means giving up some of the other.
8. Principle of Suitability -- The maturity of a firm's assets should match the maturity of the firm's liabilities, i.e., short term assets should be financed with short term liabilities; long term assets should be financed with long term sources of financing.

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