

**UNIVERSITY OF HAWAI'I AT MANOA**  
Shidler College of Business

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BUS 314 -1 Business Finance, Fall 2021	Professor Joonho Kim
Class Meetings: 9:00-10:15AM Wednesdays & Fridays	E602-K, 956-7276
Classroom: Online via Zoom	joonhok@hawaii.edu
Office Hours: 3:00-4:00pm Wednesdays & Fridays, or by appointment	

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**Course Prerequisites:**

ACC 201 and 202, or consent.

**Course Objectives:**

You will learn the basic tools of finance. We will start with how to value distant and uncertain cash flows and move through understanding risk and applying the tools to make investment decisions for a firm and yourself. We will also survey the fundamental drivers of financing policy in a corporation and you will learn how stocks and bonds are valued and how financial markets interact with businesses. Unless you understand finance, you cannot have a thorough understanding of a company's decision-making process. What you learn in this course will help you understand the operations of your future employer (and enable you to be more successful at your job), and help you understand other companies you encounter in your role as competitor, consultant, or investor.

**Textbooks and materials:**

- Berk, DeMarzo, and Harford, **Fundamentals of Corporate Finance**, Pearson/Prentice-Hall, 5th edition.
- Access to MyFinanceLab is required.
- Class slides and handouts will be available on Laulima before each class.
- A financial calculator is required. (Suggested model: Texas Instruments BA II Plus)

It is highly recommended that you subscribe to *the Wall Street Journal* (or any finance/economics related periodicals) to understand what is going on in the US and international financial markets. Please take about an hour every day to read it.

**Grading Structure:**

2 Excel assignments	7 points each	14
10 End-of-chapter assignments	2 points each	20
2 Midterms	20 points each	40
Final exam	26 points	26
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		100 total

I grade on a curve with letter grades based on the final course cumulative score. The distribution of the course grades may look close to the following:

Grade	Percentage	Grade	Percentage	Grade	Percentage
A+	Top 5% of class	A	Next 10%	A-	Next 15%
B+	Next 20%	B	Next 15%	B-	Next 15%
C+	Next 10%	C	Next 5%	C- or below	Next 5%

### **Course Operation:**

The course meets online twice a week, on Wednesdays and Fridays via Zoom. To get the most out of the lectures, read the slides and the related textbook chapters before the class. **The slides are not a substitute for coming to class.** There will be materials that you will be responsible for that is not covered in the slides. All materials that I hand out in class and some additional materials will be available on Laulima. To download the files, log on to *laulima.hawaii.edu*, using your UH username and password.

### **Excel Assignments:**

There will be **2 Excel assignments**. Each Excel assignment will count for 7% of your final grade. I will announce the details of the assignments later in the semester.

### **End-of-Chapter Assignments:**

I will give 10 end-of-chapter assignments through MyFinanceLab. You will be given one week to complete each assignment from the time it was assigned to you. Each assignment will count for 2% of your final grade.

### **Exams:**

There will be 2 midterm exams and a final. Midterm exams will be given during the normal class period. Final will be given during the final exam period. The exams may include short answer questions as well as multiple-choice questions. The exams will be open book and financial calculators will be allowed during the exams. The exams are not cumulative. However, the material covered for the earlier exams provides a framework for understanding the material in the remainder of the course.

Make-up exams can only be given under unusual circumstances. If there is a reason you cannot take an exam as scheduled, you must make arrangements **before** the exam. In order to be able to make special exam arrangements, you have to thoroughly explain the circumstances to me and produce proper documents that are prepared and signed by a third-party. Unless approved in advance, no make-up exam will be given.

### **Familiarity with the financial calculator (Texas Instruments BA II Plus):**

Please bring your financial calculator to every class. Students should become completely familiar with the use of their calculators. In addition to the classroom instruction, a good way to improve proficiency is to go through the entire financial section of the calculator user manual, or go through the calculator tutorial in MyFinanceLab. The user manual is also available on-line.

### **Ethical Issues in Finance:**

Students will review and discuss Codes of Ethics for financial planners and financial analysts. The importance of the fiduciary role, client confidentiality and the role of an agent will be explored. Students will analyze actual ethical problems that have arisen in financial institutions/markets and hypothetical cases involving ethical issues in a business financial setting.

### **Office Hours:**

My formal office hours are Wednesdays and Fridays from 3 to 4 pm. If you need to see me, please e-mail me in advance so that we can schedule a one-on-one Zoom session. **I cannot emphasize this more, but if you have difficulties in understanding the course material, please let me know early.** I am committed to working with you and to provide resources to help you succeed in this course.

### **Academic Dishonesty:**

Instances of academic dishonesty, as defined by the University Student Conduct Code ([http://www.studentaffairs.manoa.hawaii.edu/policies/conduct\\_code](http://www.studentaffairs.manoa.hawaii.edu/policies/conduct_code)), will not be tolerated and any instance of academic dishonesty may result in a grade of "F." Further disciplinary sanctions may also be imposed by the Dean of Students in accordance with the fore-mentioned Student Conduct Code.

### **Dropping the Class:**

For deadlines and information, check [www.hawaii.edu/myuh/manoa](http://www.hawaii.edu/myuh/manoa).

### **Disability Access:**

Students with disabilities are encouraged to contact the KOKUA Program for information and services. Services are confidential and students are not charged for them. Contact KOKUA at 956-7511 (voice/text), [kokua@hawaii.edu](mailto:kokua@hawaii.edu), or Student Services Center, Room 13.

Tentative class schedule (subject to change)

Session	Date / Day		Topics	Readings	Class Slides
1	25-Aug	Wed	Syllabus, Introduction		Slides 1
2	27-Aug	Fri	The Role of the Financial Mgr and the Goal of an Organization	Chapter 1, 3	Slides 1
3	1-Sep	Wed	Time Value of Money, Introduction	Chapter 4	Slides 3
4	3-Sep	Fri	Time Value of Money <b>Students must have calculators by this class</b>	Chapter 4	Slides 3
5	8-Sep	Wed	Time Value of Money	Chapter 4	Slides 4
6	10-Sep	Fri	Time Value of Money	Chapter 4	Slides 5
7	15-Sep	Wed	Time Value of Money	Chapter 4	Slides 6
8	17-Sep	Fri	Interest Rates Determinants	Chapter 5	Slides 6
9	22-Sep	Wed	Bond Valuation	Chapter 6	Slides 7
10	24-Sep	Fri	Bond Valuation	Chapter 6	Slides 8
<b>11</b>	<b>29-Sep</b>	Wed	<b>Midterm I</b>		
12	1-Oct	Fri	Investment Decision Rules	Chapter 8	Slides 9
13	6-Oct	Wed	Investment Decision Rules	Chapter 8	Slides 9
14	8-Oct	Fri	Investment Decision Rules	Chapter 8	Slides 9
15	13-Oct	Wed	Capital Budgeting	Chapter 9	Slides 10
16	15-Oct	Fri	Capital Budgeting	Chapter 9	Slides 10
17	20-Oct	Wed	Capital Budgeting	Chapter 9	Slides 10
<b>18</b>	<b>22-Oct</b>	Fri	Midterm II Review Session		
19	27-Oct	Wed	<b>Midterm II</b>		
20	29-Oct	Fri	Valuing Stocks	Chapter 7, 10	Slides 11
21	3-Nov	Wed	Valuing Stocks	Chapter 7, 10	Slides 11
22	5-Nov	Fri	Introduction to Risk and Return	Chapter 11	Slides 12
23	10-Nov	Wed	Introduction to Risk and Return	Chapter 11	Slides 12
24	12-Nov	Fri	Introduction to Risk and Return	Chapter 11	Slides 12
25	17-Nov	Wed	Risk and Return - Portfolio Theory	Chapter 11-12	Slides 13
26	19-Nov	Fri	Risk and Return - Portfolio Theory	Chapter 11-12	Slides 13
27	24-Nov	Wed	Risk and Return - CAPM	Chapter 12	Slides 14
	26-Nov	Fri	No class: Thanksgiving		
27	1-Dec	Wed	Risk and Return - CAPM	Chapter 12	Slides 14
28	3-Dec	Fri	Cost of Capital	Chapter 13	Slides 15
29	8-Dec	Wed	Final Review Session		
<b>30</b>	13-Dec	<b>Mon</b>	<b>7:30-9:30AM</b>		