

UNIVERSITY OF HAWAII AT MANOA
Shidler College of Business
BUS 314: Business Finance
Fall, 2020

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Class Meetings: BUS314-Section 6: TR 12:00 -1:15 pm.
Office Hours: R 3:00 pm - 5:00 pm or by appointment.
Teaching Assistant: Yiwei Zhao (yzhao@hawaii.edu), MR 4:00-5:30 pm.

1. Course Prerequisites

ACC 201 and 202, or ACC 210.

2. Course Objectives and Broad Topics

As a prerequisite for all other finance courses, BUS 314 is intended to provide an introduction to the concepts and principles of corporate finance. It focuses on how companies invest in real assets, how they raise the money to pay for these investments, and how they those assets ultimately affect the value of the firm. Major topics to include: the role of a financial manager and financial markets, time value of money, stock pricing, bond pricing, net present value criteria, risk and return, cost of capital, capital budgeting, capital structure, debt policy, dividend policy, financial planning. Students will learn the responsibilities of ethical and fiduciary behavior through review of codes of ethics in the field and through situation analysis.

3. Course Materials

(1) Required text: Brealey, Myers and Marcus, Fundamentals of Corporate Finance, 10th ed., McGraw-Hill. On-line resources and the eBook can be accessed via McGraw-Hill Connect: <https://connect.mheducation.com/class/q-liu-fall-2020-tr-12-115-pm> and the loose-leaf option is available online at a discount price.

(2) Calculator: Texas Instruments BA II Plus.

(3) Lecture notes, handouts, answers to assigned homework and announcements are available at Laulima. To download the files, log on at laulima.hawaii.edu using your UH user name and password, and select “Resources” in “BUS-314-006 [MAN.75662.FA20]”.

4. Course Requirements

Class Participation:

Attendance is mandatory for all students. Absence for any personal reasons should be brought to the instructor's attention via email *before* the class and evidence should be provided to the instructor later. There are frequent name checks in class. Students who miss the class more than once will get grades deducted. If there is not significant improvement, they may fail this course.

Homework:

End of chapter problems will be assigned in class as homework and are due at the beginning of next class unless another deadline is given. Student should submit homework through Lulima before the deadline. Late submission will not be accepted unless approved (for partial credit). Doing the homework helps you understand the lecture materials and prepare for the exams, and it is an important learning tool. Homework reflects what I consider to be the priority areas to which you should give significant attention in your studies. Homework will be graded as follows: satisfactory completion (1); unsatisfactory completion (parts missing or not well-done, 0.1~0.9); assignments not submitted (0). Please note that grades depend on your attitude, rather than correctness. Copies from the solution manual and other students' assignments will get 0. Grades of homework can be found from "Gradebook" in Lulima. The solutions to homework will be posted at Lulima and discussed in class.

Project:

There is a project on risk and return of stocks and portfolios in US stock markets. This project involves applications of what we study from class and using Excel spreadsheets. The project will include a written report (max 8 pages, not including figures and tables). Detailed descriptions and requirements about the project will be discussed in class after the midterm. You may form a group in completing this project. Groups are limited to a maximum size of three students. The composition of groups must be submitted to the instructor. Note that all members of a group will be held jointly responsible for the quality and the timeliness of the work product.

Exams:

There will be one mid-term exam and a final exam (the details of exam arrangements will be shared in class later). The final exam will mainly focus on the materials covered after the mid-term exam. Both exams will include analytical problems and multiple choice questions. Calculators should be used in exams. After the mid-term exam, students who perform poorly are required to set online appointments with the instructor to work out a strategy to improve.

5. Examination Policy

Both the mid-term exam and the final exam will be taken by the students as per the course schedule. *No make-up exam* will be allowed. In general, work related conflicts or overlapping requirements due in other classes are not valid excuses for rescheduling exams. You should prepare a calculator to use in the exams. The exams will be open book and open notes. There are previews before the midterm and final exam.

6. Grade Determination

Your grade in this course will be determined by the mid-term and final exams, in addition to a project and extra credit from homework and class participation. The course grade will be weighed as follows:

Grading Scheme	
Homework and Participation	15 points
Group Project	15 points
Mid-term exam	35 points
Final Exam	50 points

Students have the option to change the ratio of midterm to final from 7:10 to 5:12. This will give students more opportunities if they don't perform well in the midterm. I grade on a curve with letter grades assigned only to the final course cumulative score. Under normal situations, the distribution of the course grades looks like this:

Grade	Percentage	Grade	Percentage	Grade	Percentage
A+	5%	A	10%	A-	15%
B+	15%	B	20%	B-	15%
C+	10%	C	5%	C- or below	5%

7. Academic Honesty

All relevant SCB policies concerning academic honesty, grievance procedure and confidentiality in grading apply. Academic dishonesty as defined by the UH Student Conduct Code (www.hawaii.edu/student/conduct) may lead to redoing the assignment, receiving a failing or reduced grade for the course or being referred to the UH Dean of Students for University disciplinary action. The University of Hawaii defines academic dishonesty as follows:

Because UHM is an academic community with high professional standards, its teaching, research, and service purposes are seriously disrupted and subverted by academic dishonesty. Such dishonesty includes cheating and plagiarism as defined below. Ignorance of these definitions will not provide an excuse for acts of academic dishonesty.

1. Cheating includes but is not limited to giving or receiving unauthorized assistance during an examination; obtaining unauthorized information about an examination before it is given; submitting another's work as one's own; using prohibited sources of information during an examination; fabricating or falsifying data in experiments and other research; altering the record of any grade; altering answers after an examination has been submitted; falsifying any official University record; or misrepresenting of facts in order to obtain exemptions from course requirements.

2. Plagiarism includes but is not limited to submitting, in fulfillment of an academic requirement, any work that has been copied in whole or in part from another individual's work without attributing that borrowed portion to the individual; neglecting to identify as a quotation another's

idea and particular phrasing that was not assimilated into the student's language and style or paraphrasing a passage so that the reader is misled as to the source; submitting the same written or oral or artistic material in more than one course without obtaining authorization from the instructors involved; or “drylabbing,” which includes obtaining and using experimental data and laboratory write-ups from other sections of a course or from previous terms.

The last day to register for a course, change course grading mode & variable credit is September 1 (Tue), and the last day to drop a business class numbered 300 and above is September 15. Students with disabilities are encouraged to contact the KOKUA Program early for information and services (at 956-7511, or kokua@hawaii.edu, or Student Services Center Room 13).

8. Course Outline

Tentative Course Calendar *		Readings	
BUS 314: Fundamentals of Corporate Finance		Brealey, Myers and Marcus 10 th ed.	
Dates	Topic	Parts	Chapters
8/25	Syllabus, Goals and Governance of the Corporation		Chapter 1
8/27	Ethics in Finance – Review of codes of ethics		Handout
9/1	Financial Markets and Institutions		Chapter 2
9/3	Accounting and Finance	Part 1: Introduction	Chapter 3
9/8	The Time Value of Money		Chapter 5
9/10			Chapter 5
9/15	<i>Students Must have financial calculator</i>		Chapter 5
9/17			Chapter 5
9/22	Valuing Bonds		Chapter 6
9/24			Chapter 6
9/29	Valuing Stocks		Chapter 7
10/1			Chapter 7
10/6	Net Present Value and Other Investment Criteria		Chapter 8
10/8		Part 2: Value	Chapter 8
10/13	Midterm Exam Preview		
10/15	Introduction to Risk and Return		Chapter 11
10/20	Midterm Exam		
10/22	Risk, Return, Capital Budgeting		Chapter 12
10/27	Midterm Exam Review		
10/29	<i>Project Starts</i>		Chapter 12
11/5	The Weighted-Average Cost of Capital		Chapter 13
11/10		Part 3: Risk	Chapter 13
11/12	Debt Policy		Chapter 16
11/17	<i>Project Progress Report Due</i>		Chapter 16
11/19			Chapter 16
11/24	Payout Policy		Chapter 17
12/1	Long-term Financial Planning	Part 5: Capital Structure	Chapter 18
12/3	<i>Project</i>		
12/8	<i>Written Report of the Project Due on Dec 10, 11:59am</i>	Part 6: Financial Planning	Chapter 18
12/10	Final Preview		
12/17	Final (Thursday, 12:00pm-2:00pm)		