

UNIVERSITY OF HAWAII AT MANOA
Shidler College of Business

BUS 314 -1 Business Finance, Spring 2020	Professor Joonho Kim
Class Meetings: 12:00-1:15PM Tuesdays & Thursdays	E602-K, 956-7276
Classroom: BUSAD G102	joonhok@hawaii.edu
Office Hours: 2:00-4:00pm Tuesdays and Thursdays, or by appointment	

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, 4th 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 Take-home 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
		100 total

I grade on a curve with letter grades assigned only to 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 twice a week, on Tuesdays and Thursdays. 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.

Take-home Assignments:

There will be **2 take-home assignments**. Each take-home 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 closed book, but **you will be allowed to bring a letter-sized, hand-written formula sheet. Every word, number, letter and symbol on the sheet has to be hand-written. Formula sheets that do not meet this criteria will not be allowed.** Financial calculators will also 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:

I have scheduled office hours so that you can be sure that I will be in my office if you make the effort to come see me. My formal office hours are Tuesdays and Thursdays from 2 to 4 pm. If you need to see me, but cannot attend my scheduled office hours, please e-mail, call, or see me after class for an appointment. **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), 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.

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, or Student Services Center, Room 13.

Class Schedule:

Adjustments to the schedule or assignments, should they be necessary, will be announced in class.

Session	Date / Day		Topics	Readings	Class Slides
1	14-Jan	Tues	Syllabus, Introduction		Slides 1
2	16-Jan	Thurs	The Role of the Financial Mgr and the Goal of an Organization	Chapter 1, 3	Slides 1
3	21-Jan	Tues	Review of the Financial Statements	Chapter 2	Slides 2
4	23-Jan	Thurs	Time Value of Money Students must have calculators by this class	Chapter 4	Slides 3
5	28-Jan	Tues	Time Value of Money	Chapter 4	Slides 4
6	30-Jan	Thurs	Time Value of Money	Chapter 4	Slides 5
7	4-Feb	Tues	Time Value of Money	Chapter 4	Slides 6
8	6-Feb	Thurs	Interest Rates Determinants	Chapter 5	Slides 6
9	11-Feb	Tues	Bond Valuation	Chapter 6	Slides 7
10	13-Feb	Thurs	Bond Valuation	Chapter 6	Slides 8
11	18-Feb	Tues	Midterm I		
12	20-Feb	Thurs	Investment Decision Rules	Chapter 8	Slides 9
13	25-Feb	Tues	Investment Decision Rules	Chapter 8	Slides 9
14	27-Feb	Thurs	Capital Budgeting	Chapter 9	Slides 10
15	3-Mar	Tues	Capital Budgeting	Chapter 9	Slides 10
16	5-Mar	Thurs	Capital Budgeting	Chapter 9	Slides 10
17	10-Mar	Tues	Midterm II Review Session		
18	12-Mar	Thurs	Midterm II		
	17-Mar	Tues	No class: Spring recess		
	19-Mar	Thurs	No class: Spring recess		
19	24-Mar	Tues	Valuing Stocks	Chapter 7, 10	Slides 11
	26-Mar	Thurs	No class: Kuhio Day		
20	31-Mar	Tues	Valuing Stocks	Chapter 7, 10	Slides 11
21	2-Apr	Thurs	Introduction to Risk and Return	Chapter 11	Slides 12
22	7-Apr	Tues	Introduction to Risk and Return	Chapter 11	Slides 12
23	9-Apr	Thurs	Introduction to Risk and Return	Chapter 11	Slides 12
24	14-Apr	Tues	Risk and Return - Portfolio Theory	Chapter 11-12	Slides 13
25	16-Apr	Thurs	Risk and Return - Portfolio Theory	Chapter 11-12	Slides 13
26	21-Apr	Tues	Risk and Return - CAPM	Chapter 12	Slides 14
27	23-Apr	Thurs	Risk and Return - CAPM	Chapter 12	Slides 14
28	28-Apr	Tues	Cost of Capital	Chapter 13	Slides 15
29	30-Apr	Thurs	Cost of Capital	Chapter 13	Slides 15
30	5-May	Tues	Discussion: Corporate Governance and Sustainability		
31	7-May	Thurs	Final Review Session		
32	14-May	Thurs	Final Exam 12:00 – 2:00 PM, same classroom		