

## FINN 3043

### Principles of Finance

*Catalogue description.* Introduction to the financial system and financial management. Addresses the role and functions of financial intermediaries and markets for fixed income and equity securities; understand how interest rates are determined and assets valued; learn how firms effectively manage financial resources and create value through investment and financing decisions. Prerequisites: Acct 2013 (financial accounting); Acct 2023 (managerial accounting) or WCOB 2053 (business foundations); WCOB 1033 (data analysis); Econ 2013; Econ 2023 all with a grade of "C" or better; Corequisite: MGMT 2103.

*Course justification.* This class replaces WCOB 2043 (financial resources) in the WCOB undergraduate core curriculum. It provides a critical overview of finance for all undergraduate business majors along with the necessary background for more advanced finance classes.

## Preliminary Syllabus

**FINN 3043**  
**Principals of Finance**  
**Fall 2013**  
**Professor:**

Office:  
Phone:  
Email:  
Office hours:

**Course objectives:** The course serves as an introduction to the financial system and financial management. It addresses the role and functions of financial intermediaries and markets for fixed income and equity securities; understand how interest rates are determined and assets valued; learn how firms raise capital and effectively manage financial resources and create value through investment and financing decisions.

**Prerequisites:** ACCT 2013, ACCT 2023 or WCOB 2053, ECON 2013, ECON 2023 and WCOB 1033 with a grade of “C” or better; **Corequisite:** MGMT 2103

**Required materials:** The textbook is Eugene Brigham and Joel Houston, *Fundamentals of Financial Management, Concise 6<sup>th</sup> edition*, published by Cengage Learning. In addition, other reading will be used to supplement the textbook. They will be available as Word documents on Blackboard under “course documents.” There are additional materials—Word documents, Excel workbooks, and PowerPoint slides—available on Blackboard. The “course documents” section will be updated throughout the semester so you should check in regularly.

In addition to the readings and related material, you will need a financial calculator to complete homework assignments and the exams. It is strongly recommended that you use a dedicated financial calculator, even if you already have a graphing calculator with TVM functions. Faculty experience has been that students are almost always more satisfied with and find it easier to use dedicated financial calculators. Most faculty recommend the HP 10B II (“Hewlett-Packard ten B two”). It retails for around \$30 but you can almost always find it cheaper if you shop around. While we won’t be using the calculator in class until later in the semester, it’s a good idea to get one as soon as possible and, just as importantly, learn how to use it. There is a user’s guide to the HP 10B II (a Word document) available on Blackboard.

**Class lectures.** There are three general topics covered in the class:

1. The financial system. This includes a discussion of financial instruments, financial markets, financial intermediaries, interest rates, and exchange rates.

2. Asset valuation. This topic includes time value of money, the relationship between risk and value, valuation of paper assets (stocks and bonds), and valuation of real assets (capital investment analysis).
3. Topics in financial management. This includes financial analysis, financial forecasting and planning, debt and distribution policy, and managing working capital. We will also briefly review financial reporting and financial statements.

Following is a listing of the number of class periods for each topic and a tentative schedule of the sequence of textbook coverage assuming two class meetings per week. The lecture sequence does not follow exactly the textbook chapter sequence.

### **Tentative Schedule**

(subject to change)

Topic	Approximate Number of Class Periods	Text Chapter(s)
1. Review of basic accounting principles and financial reporting	1.5	3
2. Financial statement analysis	2.0	4
3. Financial forecasting and planning	2.0	16
4. Financial instruments and markets	2.5	2
5. Financial intermediaries and the role of the Federal Reserve	2.5	2
6. Interest rates and foreign exchange rates	2.0	6
7. Time value of money	4.0	5
8. Risk and value	2.5	8
9. Valuation of stocks and bonds (paper assets)	2.5	6, 9
10. Capital investment analysis	3.5	10-12
11. Debt and distribution policy	2.5	13, 14
12. Managing working capital	1.5	15

**Student evaluation:** There will be three in-class exams and one comprehensive final, each of which is equally weighted. Exam #1 will include materials in topics 1-5; exam #2 will include topics 6-9; exam #3 will include 10-12; and the comprehensive final will include all 12 topics. In addition, unannounced “pop” quizzes and some short homework

and in-class assignments may count as bonus points. However, late homework will not be accepted and no make-up quizzes are offered. Grades will adhere to a strict curve—90% = A; 80% = B; and so forth, so there is no negotiation of course grades.