

BA 351-Business Finance

Instructor: Robert Trimm Ph.D., CFA

Required Text: Fundamentals of Corporate Finance, seventh ed.

Financial Calculator: Texas Instrument BA-II Plus

Catalogue Description: Principles of business finance with emphasis on financial analysis, investment decisions, cost of capital, and procurement of funds.

Prerequisites: Economics 101, 102 and 290
Financial Accounting 241

Objectives: To give a good overview of financial decision making from the viewpoint of the CFO (chief financial officer), financial vice-president or comptroller. Emphasis is placed upon the balance sheet and the impact of decisions that affect both general and specific balance sheet accounts (e.g., current and fixed assets, debt and equity) upon the profitability, risk and cash flow of the firm.

Class Meetings: MWF 4:00 – 4:50

Class Format: The course will be a combination of lectures and discussion, with an emphasis upon financial decision making. Typically, there will be a lecture on a topic, class discussion or questions of points covered in the lecture, and finally solutions and discussion of an illustrative problem or case.

Grade Determination:

Test I – Short-Term Assets and Liabilities	20%
Test II – Capital Budgeting	25%
Test III – Risk Analysis	20%
Final Examination (Cost of Capital, etc.)	25%
Homework	10%

No makeup tests will be given.

Homework: The quality of classroom discussion depends heavily upon the degree of student preparation. Students who have not read the text and attempted to work homework problems before coming to class will have trouble passing this course. Accordingly 10% of the course grade is contingent upon the homework grade.

To receive credit for an assignment, work must be turned in at or before class time. While students do not have to be physically present to turn in each assignment, late work will be accepted only under extremely unusual circumstances. Excuses for such emergencies must be cleared with me as soon as possible.

Grading Scale:

93-100 A
90-92 A-
87-89 B+
83-86 B
80-82 B-
77-79 C+
73-76 C
70-72 C-
67-69 D+
63-66 D
60-62 D-
Below 60 F

Tentative Course Schedule:

	Reading Assignment	Questions & Problems
Introduction	Chapter 1	
Taxes and cash flow	Chapter 2	6, 19a, 21ab
Financial Statements	Chapter 3	26, 27, 29
Long-Term Financial Planning	Chapter 4	4, 9, 10
Test I		
Time Value of Money	Chapter 5	6, 8, 9, 10, 13
Discounted Cash Flow	Chapter 6	5, 6, 9, 14, 20, 27
Investment Criteria	Chapter 9	10, 15
Capital Budgeting	Chapter 10	2, 3, 6, 8, 14, 20
Operating Leverage	Chapter 11	1, 7, 17
Test II		
Bond Valuation	Chapter 7	3, 7, 18, 25a
Stock Valuation	Chapter 8	1-4, 7, 8, 10
Capital Market History	Chapter 12	1,2,3,4,7
The Security Market Line	Chapter 13	2, 9, 11, 15, 19
Test III		
Cost of Capital	Chapter 15	1,2,4,5,7,9,15-16
Raising Capital	Chapter 16	7, 9
Leverage and Capital Structure	Chapter 17	1, 2, 4, 8
Dividends and Dividend Policy	Chapter 18	6, 14
Final		

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