

The Philadelphia Center

Elective 365
Principles of Finance

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Course Overview

This course provides a survey of the financial problems associated with the life cycle of a business firm. Topics include: financial analysis and planning, capital budgeting, cost of capital, and the sources and uses of business funds. While the emphasis is on decision making within a corporate environment, the tools taught in this course are just as relevant to other forms of business organization and to personal financial management.

Course Objectives

At the completion of the course you should have a basic understanding of the following:

- Goal of corporate financial management
- Factors determining stock prices
- Principal financial statements
- Time value of money tools
- Prices and yields on bonds
- Prices and yields on stocks
- Stock Options
- Determining whether a given investment is worthwhile
- Estimated cash flows for a project
- Risk and return
- Cost of capital
- Debt vs. equity financing
- Foreign exchange rates and international financing

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ESSENTIAL INFORMATION ABOUT THE COURSE

(1) Instructor's Responsibilities:

- (a) Present material clearly
- (b) Provide opportunity to learn by doing
- (c) Answer students' questions
- (d) Test students' understanding of material
- (e) Make requirements and criteria for grades known in advance
- (f) Report grades earned by **YOUR PERFORMANCE**

(2) Students' Responsibilities:

- (a) Attend class and **ACTIVELY PARTICIPATE**
- (b) Bring your calculator to class and use it
- (c) Do all assigned work **ON TIME**
- (d) Inform the instructor whenever you don't understand a concept, example, homework assignment or answers to questions/problems
- (e) Take exams as scheduled

(3) *Scientific calculators* are **ESSENTIAL**. *Financial calculators* are permitted, **BUT NO INSTRUCTION WILL BE GIVEN IN THE USE OF FINANCIAL CALCULATORS.**

(4) With minor exceptions, you will not have to memorize essential formulas.

(5) The grade you receive for the course will be the grade you earn based upon your performance. Any grade that you "need", "would like", or "expect" will have absolutely no bearing on the grade you receive.

(6) There will be a total of three exams. For each of the exams you may use one 8 1/2 x 11 page of **HAND-WRITTEN** notes of your choosing.

(7) The course grade will be determined **entirely** and **strictly** by an equally-weighted average of your scores on the exams according to the scale below and with your **highest exam score counting double**. Values of .50 and above will be rounded up so that an average of 82.50 would result in a grade of "B" while an average of 82.49 would result in a grade of "B-". **THERE IS NO EXTRA CREDIT WHATSOEVER.**

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

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<u>CLASS</u>	<u>TOPIC</u>	<u>CHAPTERS *</u> RWJ (Schaum's)
Weeks 1 & 2	Introduction & Overview Financial Statements, Taxes, Cash Flow	1 (1) 2 (2 - 3)
Weeks 3 & 4	Time Value of Money – Lump Sums Discounted Cash Flow Valuation	4 (6) 5 (6)
Week 5	EXAM #1	
Weeks 6 & 7	Bond Prices & Yields Stock Prices & Yields Risk	6 (7) 7 (7) 11 (7)
Weeks 8 & 9	Capital Budgeting Project Cash Flows	8 (8) 9 (8)
Week 10	EXAM #2	
Week 11	Cost of Capital	12 (10)
Week 12	Leverage & Capital Structure	13 (11)
Week 13	Derivatives: Stock Options	(16)
Week 14	International Financial Management	18 (19)
	FINAL EXAM	

* Ross, Westerfield & Jordan, *Essentials of Corporate Finance* (8E)

Schaum's Outline Series: Jae K. Shim & Joel G. Siegel, *Financial Management* (3E)

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