

THE UNIVERSITY OF SOUTHERN CALIFORNIA
Marshall School of Business

BUAD 306
Business Finance
Fall 2007
Office Hours: H 9:30am-12:30
Class: 8-9:50am, MW, JKP 110

Mick Swartz
Office: ACC 301b
Phone: 213-740-6527
e-mail: mick.swartz@marshall.usc.edu
web: <http://www-rcf.usc.edu/~lswartz/>

Introduction

This course is designed to provide an introductory framework for understanding the choices made in financial markets by investors and corporations. Lectures will provide an overview of important concepts in finance, practical applications, and the skills required to solve quantitative problems in finance. By the end of the course you should be familiar with the vocabulary, theory, and computational skill set used by finance professionals.

The *required* materials for the course are:

- (i) Ross, Westerfield, and Jordan: *Fundamentals of Corporate Finance*, 8th (Alternate) edition

- (ii) Ready notes for use with *Fundamentals of Corporate Finance*, 7th edition

These should be packaged together and available in the USC bookstore.

Blackboard

The primary means of communication for BUAD 306 will be the Blackboard system (<https://totale.usc.edu>). All grades will be distributed through that system, and **you** are responsible for registering your email address with Blackboard so that you can receive your grades and other course announcements.

Grading

Your letter grade in this class will be based on 3 homework assignments, 2 midterm exams, a final exam, and class attendance/participation grade. Each section that I teach will be curved individually. The percentage that each component contributes to your final grade is:

Homework assignments:	5%
2 midterm exams:	60% (30% each)
Final exam:	30%
Class attendance/participation:	5%

The 5% homework credit will be based on 3 homeworks. You must do your homework in your own handwriting, no printed copies will be accepted (*no exceptions*). Homework assignments will be listed on blackboard, and your homework must be turned in on the due date.

There are short quizzes posted in Blackboard for each chapter. Each quiz consists of 10 multiple-choice questions, which will help you test your familiarity with the chapter material and help you prepare for the exams (which are all multiple-choice). These quizzes will *not* be graded, and are for your educational purposes only.

All exams are completely closed book (*no exceptions*). You must take all exams with the section in which you are registered and at the time and on the day indicated on the class schedule. You will be provided with a formula sheet that contains any relevant equations (and potentially some irrelevant ones), and expected to know how to use the appropriate formulae. All exams will be multiple-choice and graded using scantron sheets. ***You must bring your own scantron sheets to the exams.*** You will need 3 scantron sheets for this class (2 midterms and a final). The correct scantron sheet is F-288-PAR-L. No partial credit will be awarded on any multiple choice questions. It is your responsibility to properly erase answers you have previously selected if you change your mind about an answer during the exam. Scantrons that are mis-graded because of poor erasure will not be re-graded. The original Scantron sheets will not be returned to you, but a sheet of paper detailing your answers (and the correct answers) will be handed out in class following each midterm exam. Any re-grade requests must be forwarded *in writing* to me within one week of the distribution of the correct answers. ***You must be present for the midterm exams on September 28th and November 2nd and for the final exam during the normal end-of-semester exam period (no make-up exams). If you are unable to take the exams during these times, then you should not take the course.***

You must own a financial calculator to complete this class, and must bring it to classes and exams. I will provide instruction on the common use of financial calculators as the class progresses. I will be using the TI BAI Plus for all in-class demonstrations of the use of a financial calculator, but other models (HP models, and models by other brands) work in a similar way.

Academic Dishonesty

The use of unauthorized material, communication with fellow students during an examination, attempting to benefit from the work of another student, and similar behavior that defeats the intent of an examination or other class work is unacceptable to the University. It is often difficult to distinguish between a culpable act and inadvertent behavior resulting from the nervous tensions accompanying examinations. Where a clear violation has occurred, however, I may disqualify the student's work as unacceptable and assign a zero grade on the assessment. Students caught cheating will most likely fail the class. Sunglasses and hats may not be worn during exams (except for verifiable medical reasons), and you may not leave the classroom to use the bathroom during exams.

Help!

I am available to answer your questions and concerns by e-mail, phone, and during the office hours indicated below. My office hours will be held in ACC 301b.

My office hours are Thursdays, 9:30am – 12:30pm. I will add additional office hours in the weeks of midterm and final exams.

Office hours (and locations) will be announced (and potentially changed – check Blackboard) as the semester progresses.

Outside of office hours, my preferred method of communication is via email or phone.

My email address is mick.swartz@marshall.usc.edu

The Blackboard system has a discussion board which you may find to be a useful forum for asking questions related to this class. In the past this has been the most useful tool for students to ask questions and get answers from me, especially because other students with the same question can also see the answer. I will (at least initially) allow anonymous postings to this board to foster the appropriate environment for students to feel comfortable asking questions. However, the anonymous posting feature of the board has been used in the past as a means of attacking teaching staff in a personal and insulting manner. This abuse will not be tolerated, and if I see evidence of that happening in this class I will turn the anonymous posting feature off and track the “anonymous” abuser(s) by IP address and initiate sanctions.

Disabilities

Any student requesting academic accommodations based on a disability is required to register with Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodations can be obtained from DSP. Please ensure that the letter is delivered to me as early in the semester as possible, and *at least* two weeks prior to any schedule examinations. DSP is located in STU 301, and is open 8:30am – 5:00pm, Monday through Friday. DSP's phone number is (213) 740-0776.

Course outline and assigned readings:

Class #	Date	Topic	Chapters
1	8/27	M Introduction to corporate finance	1
2	8/29	W Financial statements, taxes, and cash flow	2
3	9/3	M LABOR DAY – NO CLASS	
4	9/5	W Time value of money	5
	9/10	M Discounted cash flow valuation	6
5	9/12	W Discounted cash flow valuation	6
6	9/17	M Interest rates and bond valuation	7
7	9/19	W Interest rates and bond valuation	7
8	9/24	M Stock valuation	8
9	9/26	W Stock valuation	8
10	10/1	M Working with Financial Statements	3
11	10/3	W Long-term financial planning and growth	4
12	10/8	M REVIEW FOR EXAM, HWK ONE DUE	1-8
13	10/10	W MIDTERM EXAM ONE	1-8
14	10/15	M Net present value and other investment criteria	9
15	10/17	W Making capital investment decisions	10
16	10/22	M Capital market history	12
17	10/24	W Return, risk, and the security market line (SML)	13
18	10/29	M Return, risk, and the security market line (SML)	13
19	10/31	W Options and corporate finance	14
20	11/5	M Options and corporate finance, Hwk Two Due	14
21	11/7	W Cost of capital	15
22	11/12	M Problems and Review	15
23	11/14	W MIDTERM EXAM TWO	9,10,12-15
24	11/19	M Raising capital	16
25	11/21	W THANKSGIVING – NO CLASS	
26	11/26	M Financial leverage and capital structure policy	17
	11/28	W Dividends and dividend policy	18
27	12/3	M Mergers and acquisitions	25
28	12/5	W Mergers and acquisitions	25
Final Exam is cumulative			
Final Exam Wednesday, Dec. 12, 2007, 8-10am in class			All material

Homework assignments:

	Due date	Homework Assignment
1	10/8	Chapters 1-8
2	11/5	Chapters 9,10,12-15
3	12/3	Chapters 16-18, 25
