FINC 3610: Principles of Business Finance  
Section 6 – Fall 2014

Professor: Dr. Keven Yost  
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Office Hours: Tuesdays: 11:00 - Noon,  
Thursdays: 11:00 - Noon,  
or by appointment.

Class Web Site: http://www.business.auburn.edu/~yostkev/teaching/finc3610/finc3610.html  
(This link is also posted on Canvas.)

Course Description

The objective of Principles of Business Finance is to present you with the basic theory and practice of the financial management of firms and investment decision making. This course will (1) provide you with a strong understanding of the basic concepts in finance, including financial statements and financial statement analysis, the time value of money, valuation techniques, capital budgeting, the risk-return tradeoff, the cost of capital, capital structure, and the role of financial markets, (2) develop your skills in financial analysis, planning, and decision-making, and (3) expand your awareness of institutions and practices in business and finance.

Prerequisites

You are required to have successfully completed ACCT 2110 or ACCT 2117 or ACCT 2810 or ACCT 3110. In addition, you must be eligible to take College of Business courses. If you are not a registered junior, you must also obtain a waiver from the Office of Student Affairs (Lowder 147). Be sure you meet all of these prerequisites. Failure to meet any of these prerequisites may result in automatic withdrawal from the course.

Students with Disabilities

If you request special accommodations due to a disability, please see me as soon as possible (and at least two weeks before the first exam). However, you should first contact the Office of Accessibility in Haley Center.
**Course Materials**

The following text is required:

- To reduce the cost to you, the textbooks available at the campus bookstores are a paperback, customized version of the following textbook containing only the chapters which we will be covering.


In addition to the textbook:

- You are expected to have access to a financial calculator for this course. A regular or scientific calculator will not be sufficient. I recommend the Texas Instruments BAII Plus. You may use your calculator on exams. However, you are not allowed to share calculators during a given exam, nor will I provide you with one if you forget yours. Your calculator should be able to calculate yield to maturity and internal rate of return.

- There is a course web site with announcements, class notes, podcasts, information on exams, and solutions to selected problems. The web site will have an up-to-date (and changing) course outline with abbreviated lecture notes (for which you will need Adobe Acrobat Reader to print). **YOU ARE EXPECTED TO BRING A PRINTOUT OF THE NOTES WITH YOU TO CLASS.** However, the lecture notes that are provided are NOT complete. They are not a substitute for attending class, but are simply to allow you to pay more attention to understanding the material and less time writing formulas, definitions, etc. Announcements will also be posted on the web site, so you are expected to check it regularly. If you have trouble with the web site, let me know right away. *A course packet with all the notes is highly recommended, but optional, and available at the Haley Center bookstore (only at this location). However, it is still necessary to check the web site for announcements and scheduling.*

- A subscription to the *Wall Street Journal* is highly recommended, even if only for the semester. The *Wall Street Journal* is one of the most widely used sources of financial information among financial managers, investors, and other business people. Therefore, a subscription to the *Wall Street Journal* is vital to relate and apply the knowledge you will acquire in class to real world financial practice.

**PLEASE MAKE SURE ALL CELL PHONES ARE TURNED OFF BEFORE EACH LECTURE AND EXAM!!!**
**Grading**

Your grade will be based on your performance on two midterm exams and a final exam. The weights are as follows:

- **Exam #1** (Thursday, September 18th, 6:00 – 8:00 PM, Lowder 113A): 30%
- **Exam #2** (Thursday, October 23rd, 6:00 – 8:00 PM, Lowder 113A): 30%
- **Final Exam** (Tuesday, December 9th, 8:00 – 10:30 AM, Lowder 005): 40%

Grades will be assigned according to the following scale:

- A  $\geq 90\%$
- B  $\geq 80\%$ but $< 90\%$
- C  $\geq 70$ but $< 80\%$
- D  $\geq 60$ but $< 70\%$
- F  $< 60\%$

The exam dates and times are listed above. These are NOT optional dates and times!!! Everyone will take the exam on those dates and at those times. If you have a university excused conflict, you must let me know in writing AT LEAST TWO WEEKS in advance, and I will set a time for a make-up. Documentation will need to be provided. Failure to provide documentation or TWO WEEKS notice will result in having to take the exam at the scheduled time.

If you miss an exam due to illness, you should contact me AS SOON AS you know you will miss the exam and are able to do so. Documentation will need to be provided and must state that you are unable to attend work/school on the day of the exam. Whether you contact me or not, the make-up will be the next business day at 10 AM. If you are still ill and HAVE DOCUMENTATION stating that you are unable to attend work/school on the day of the make-up, the next make-up will be the following business day at 10 AM. You must have a medical excuse for the date of the exam and the date of every make-up you miss. **The make-up exam may not be the same format as that given during the regular exam time (i.e., multiple choice).**

I reserve the right to curve grades upward and offer extra credit. Curves and extra credit may be, at least in part, based on class attendance. All exams are closed-book. They are to be completed individually. This means no talking, sharing calculators or pens/pencils, etc., and no wandering eyes. You have been warned – do not cheat! The Academic Honesty Code is found in the Student Policy eHandbook.

The material is difficult for some, and the course builds on itself. Although the two midterm exams are not explicitly cumulative, material in the first part of the course will be essential for the latter parts of the course. The final exam will be cumulative. Therefore, you are highly advised to keep up with the material. I will suggest relevant problems from the book at the end of every lecture. Your job is to work on your own or with others each week so you are comfortable with the material. Waiting until the week before the exam may prove very painful. If you are having trouble, get help early!
Tentative Course Outline

We will be covering a significant amount of material during the semester. Keep up with it! This course outline is a general framework within which we will work. A more detailed course outline, with lecture notes, is available on the course web site.

<table>
<thead>
<tr>
<th>Topic</th>
<th>Text</th>
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<tbody>
<tr>
<td>Introduction to Financial Management</td>
<td>Chapter 1</td>
</tr>
<tr>
<td>Financial Statements and Cash Flow</td>
<td>Chapters 2 - 3</td>
</tr>
<tr>
<td>Time Value of Money</td>
<td>Chapters 5 - 6</td>
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<tr>
<td>Valuing Stocks and Bonds</td>
<td>Chapters 7 - 8</td>
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<tr>
<td>Capital Budgeting</td>
<td>Chapters 9 - 10</td>
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<td>Risk and Return</td>
<td>Chapters 12 - 13</td>
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<tr>
<td>Cost of Capital</td>
<td>Chapter 14</td>
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Course Expectations

- I should be in class **ON TIME**.
- I should not leave class early without speaking to Dr. Yost before class. That means I should use the bathroom before or after class.
- I should make sure my cell phone remains **OFF** and **PUT AWAY** during lectures and exams. It should not ring OR VIBRATE, and I should not check my messages, check my caller ID, or write or read text messages during lectures or exams.
- I should participate in class, including answering questions.
- I am responsible for all material and information that is discussed in class, even if my absence is justified by a university-approved excuse.
- There is a difference between emailing a casual friend and a professor, boss, client, or other professional. I understand the latter should be written in a professional tone (not “Hey!” or “Wassup!”) and should be properly capitalized and punctuated.
- Dr. Yost cannot know if I am having difficulty with the material and it is my responsibility to seek his help, if needed.
- If I miss an exam or a due date, I am expected to contact Dr. Yost **IMMEDIATELY** (within 24 hours) by phone, email, or in person. That means I should not stroll into the next class with my assignment or excuse for missing the exam days earlier. Failure to immediately contact him may result in my inability to receive a grade on the assignment or exam.
- I understand the policy on make-up exams. If I have documentation that I am too sick to take the exam on the exam day, then the make-up is the next business day at 10 AM. I further understand that the make-up exam may not be the same format as that given during the regular exam time (i.e., multiple choice).
- I understand that students’ biggest mistakes in this course are (1) missing class, (2) not keeping up with the material, which builds on itself all semester, and (3) not working and **understanding** all of the suggested problems.
- Cheating of any kind, including copying assignments and looking on another’s exam or quiz, will not be tolerated.
- Final grades are final. If I need to pass the class or earn a certain grade, the time to work for that or talk to Dr. Yost about that is before the final exam.