BUS 226 FINANCE
(3 credits)

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COURSE DESCRIPTION:

This course is a survey of corporate financial concepts applicable to most US businesses. Students will develop an understanding of the history of finance; the origins and functions of capital markets; the concept of time value of money; the corporate approach to financing decisions; basic risk management and the effects of international currency fluctuations on domestic corporations.

COURSE OBJECTIVES:

At the end of this course, each student should:
know the history of finance.
have a thorough understanding of U.S. capital markets.
be able to demonstrate a thorough understanding of the concept of "time value of money".
be able to calculate a corporation's cost of capital.
be able to demonstrate a thorough understanding of the concepts of payback period, accounting rate of return, net present value and internal rate of return.
be able to demonstrate a thorough understanding of the concept of capital budgeting.
be familiar with the concepts of risk management and risk adjusted rates of return.
be able to use selected corporate ratios with special emphasis on ratios focusing on a corporation’s liquidity and leverage.
be able to calculate the effects of foreign currency fluctuations on U.S investments, both here and abroad.
if time permits, be familiar with the basic types of retirement plans found in U.S. corporations.

FIRST SESSION
Introduction and explanation of course and learning expectations.
Discussion of course requirements.
An introduction to finance, from both an historic and current perspective. Capital markets and marketable securities; calculating the cost of raising money for corporate expansions; investment bankers; equity vs. debt financing.

SECOND SESSION
Continuation of the discussion of corporate financing. Review selected security valuation models for stocks and bonds. Introduction to the concept of "time value of money". Topics for discussion include present and future values of a single sum, present and future values of an annuity, mortgage amortization and sinking fund calculations.

THIRD SESSION
Fundamentals of capital budgeting and cash flow analysis. Practical exercises in calculating present value, payback, internal rate of return and accounting rate of return.

FOURTH SESSION
Continuation of the discussion and practical exercises started in session three.

FIFTH SESSION
Discussion of risk and the capital budgeting process (to include a brief review of simulation models). Discuss the risk management tools available to U.S. corporations. Primary emphasis on hedging with futures and options.

SIXTH SESSION
Continuation of discussion started in session five. Review the concept of derivatives and their impact on financial markets. Discuss international currency fluctuations and their effects on U.S investments.

SEVENTH SESSION
Review the significance and use of selected corporate ratios. If time permits, explore the principal types of retirement plans in U.S. corporations. Discuss corporate financial and fiduciary risks associated with profit sharing, defined benefit, and 401(k) plans.

EIGHTH SESSION
Final Exam

TEXT

COURSE POLICIES
A basic understanding of algebra is required. No classroom time will be used for refreshing your math skills.
Students will need access to and familiarization with Blackboard for additional readings, practice problems, announcements, etc
Attendance: This course is designed to cover a great deal of information in a short period of time. Therefore, it is imperative that you attend all sessions. If you know in advance that you must miss a class, speak to me so that I can make sure you catch up. One absence can be made up. If you anticipate more than one absence, DO NOT ENROLL IN THIS COURSE.
Grading: There will be six, thirty-minute quizzes (one at the beginning of sessions 2 thru 7 and one final exam. The final will be comprehensive. Each quiz will be worth 10 points. The final exam will be worth 40 points. Except for extreme circumstances, quizzes will not be rescheduled. There will be no credit for attendance, class participation or outside projects ... your quiz and exam scores determine your grade .. nothing else. Exams are given in class as scheduled. Except in the case of extreme emergencies, twenty-four (24) hour notification is
required to arrange for make-up exams. Failure to do so results in an exam score of zero (0). **The final is comprehensive.**

**Grading:**
- 100-90 = A
- 80-89 = B
- 70-79 = C
- 60-69 = D
- 59 and below is not acceptable.

**Academic Integrity Policy:** The Doane College Academic Integrity Policy will be adhered to in this class. All projects and tests will represent your own work. Any use of others' ideas and words without proper citation of sources is plagiarism and will result in a loss of all points for that particular assignment or test. Any use of texting or other electronic communications during a quiz or exam will result in immediate dismissal from class.