

EconS 335: Business Finance Economics Spring 2018

Prerequisite: MATH 101 with a C or better, MATH 103 with a C or better, or ALEKS math placement score of 45%

UCORE: QUAN

Credits: 3

Day/time: Monday, Wednesday & Friday 1:10 pm- 2:00 pm

Location: Todd 430

Websites: Blackboard Learn (learn.wsu.edu)
MyFinanceLab (pearsonmylabandmastering.com)

Instructor

Kiriti Kanjilal

Email: kiriti.kanjilal@wsu.edu

Hulbert Hall 323F

Office Hours: M,W&F 2:10 pm – 3:10 pm and by appointment

Course Overview

In this course, students will learn the basic tools of financial economics and how to apply them. The course will equip students to analyze financial statements, understand and apply the time value of money, analyze the risk–return tradeoff, value such assets as stocks and bonds, and analyze businesses' major financial decisions. The course will also introduce students to major sources of financial data and teach students to interpret the data and evaluate its quality and credibility. These analytical and information-literacy skills will be useful not only in many careers but also in personal financial decision-making. The financial literacy that students acquire will give them lifelong appreciation of the role of financial economics in current events and their own lives.

Student Expectation

This is an active-learning course. Students are expected to attend all classes and to come to class familiar with the relevant material. Class time will mainly be used to work through problems and discuss examples. Lecture notes will be posted online and there will be required readings from the text.

This is a 3-credit course so, by Academic Regulation 27, students are expected to commit a minimum of 9 hours per week to the course.

Required Text

Berk, DeMarzo, and Harford. *Fundamentals of Corporate Finance, Fourth Edition*. Pearson Publisher

Required Web Access:

- **Blackboard** --- for course information, material and links to all assignments on MyFinanceLab (<https://learn.wsu.edu>)
- **MyFinanceLab** --- for online homework, quiz, practice exams and potential extra credit opportunity. An electronic copy of the text is also available there. Please access MyFinanceLab through Blackboard under assignment tab or pearsonmylabandmastering.com directly.

Required Financial calculator

Financial calculator. This is a calculation-intensive course, so students should bring a financial calculator to each class. The Texas Instruments BA II Plus is recommended and may be purchased at the Bookie. (MyFinanceLab has a financial calculator built in, but this cannot be used on exams.)

Grading Policy

Grading for the course is based on 1000 points and the grading weights are as follows:

40%	Exams
20%	Homework
20%	In-class Quiz
20%	Writing assignments

The percentages needed to obtain grades are as follows. Scores will be rounded to the nearest percentage and 1/2 will be rounded up.

A	93–100%
A–	90–92%
B+	87–89%
B	83–86%
B–	80–82%
C+	77–79%
C	73–76%
C–	70–72%
D+	67–69%
D	60–66%
F	0–59%

Scores will be updated on Blackboard on a regular basis.

Graded materials

1) *Exams (40%)*

There will be **three** midterm exams during the semester and one cumulative final exam. One lowest midterm score will be dropped and each of the remaining midterm exam worth 100 points. The final exam is comprehensive and worth 200 points. **Make-up exams will not be given.** If a student must miss an exam due to a University-sponsored activity, the student may arrange to take the exam early by contacting the instructor at least one week ahead of the exam.

2) *Homework (20%)*

There will be a total of **13** homework for each chapter covered. Each problem set will be equally weighted as 20 points and the lowest three scores will be dropped. **Deadlines will not be extended.**

3) *In-class Quiz (20%)*

Five randomly assigned in-class quiz will be given throughout the semester. The lowest one will be dropped and each of the quiz worth 50 points.

4) *Writing Assignments (20%)*

There will be **two** writing assignments, all equally weighted and each assignment worth 100 points. These writing assignments will require students to locate, evaluate, and interpret financial data. A scoring rubric will be provided for each. **No late assignments will be accepted.** Each writing assignment could be revised **once** with an explanation of how it was improved (this option is not available if the student failed to submit the assignment before the original deadline).

Course Outline

Week	Topic	Reading
1	T1: Introduction to financial economics	Ch. 1
2	T2: Financial statement analysis	Ch. 2
3	T3: Time value of money	Ch. 3
4–5	T4: Annuities and loans	Ch. 4
6	T5: Interest rates	Ch. 5
7	T6: Bond	Ch. 6
8	T7: Stock valuation: Dividend Discount Model	Ch. 7
9	T8: Investment decision rules	Ch. 8
10	Spring Break	
11	T9: Capital budgeting	Ch. 9
12	T10: Stock Valuation: Discounted Free Cash Flow Model	Ch. 10
13	T11: Risk and return	Ch. 11
14	T12: Systematic risk and Equity risk premium	Ch. 12
15	T13: Cost of capital	Ch. 13
16	Review	

Exam Dates

Exam 1	Feb 7 th Wednesday, In Class
Exam 2	Mar 7 th Wednesday, In Class
Exam 3	Apr 11 th Wednesday, In Class
Final exam	TBA

WSU Learning Goals

This course is designed to advance the following WSU Learning Goals:

- LG1: Quantitative reasoning
- LG2: Critical and creative thinking
- LG3: Information literacy

WSU Learning Goal:	At the end of this course, students should be able to:	Course topics that advance these learning goals are:	This objective will be evaluated primarily by:
LG1	Use quantitative reasoning to make financial calculations and analyze financial problems	T1-T12	A1-A4
LG2	Use critical and creative thinking to appropriately apply the basic concepts of financial economics and to recognize the limitations of financial analyses	T1-T12	A1-A4
LG3	Understand financial terminology, data, and statements	T1-T12	A1-A4
	Locate financial data, assess its quality, and interpret its significance	T1-T12	A4

Attendance Policy

Students are expected to attend all classes and are responsible for all announcements made in class, whether present or not. Students are also expected to assignments in a timely manner. As noted earlier, make-ups will not be given for in-class problems and activities, except for University-sponsored activities and illnesses lasting a week or longer. In the event of a medical excuse or other serious problems, exceptions to this no-makeup policy will be considered following University policies. See Office of the Registrar, Our Academic Regulations, #73 Absences, <http://www.registrar.wsu.edu/registrar/apps/acadregs.aspX>

Contacting the Instructor

It is best to ask questions in class and during office hours. **If sending an email, please include 335 in the subject line.** Students should try to complete all assignments well in advance of deadlines in case questions arise. The instructor will not be responsible for answering questions shortly before deadlines. **Students should not request deadline extensions or make-up exams.**

WSU Disability Statement

Reasonable accommodations are available for students with a documented disability. If a student has a disability and may need accommodations to fully participate in this class, the student should either visit or call the Access Center (Washington Building 217; 509-335-3417) to schedule an appointment with an Access Advisor. All accommodations **MUST** be approved through the Access Center.

WSU Academic Honesty Statement

As an institution of higher education, Washington State University is committed to principles of truth and academic honesty. All members of the University community share the responsibility for maintaining and supporting these principles. When a student enrolls in Washington State University, the student assumes an obligation to pursue academic endeavors in a manner consistent with the standards of academic integrity adopted by the University. To maintain the academic integrity of the community, the University cannot tolerate acts of academic dishonesty including any forms of cheating, plagiarism, or fabrication. Washington State University reserves the right and the power to discipline or to exclude students who engage in academic dishonesty. Students found responsible for academic integrity violations may receive an F on the particular assignment or exam, as well as an F for the course. Serious and/or repeated offenses may result in referral to the Office of Student Standards and Accountability and expulsion from WSU. Cheating is defined in the Standards for Student Conduct WAC 504-26-010 (3).

Students can learn more about Academic Integrity using the URL listed in the Academic Regulations section or at <http://conduct.wsu.edu/academic-integrity-policies-and-resources>. These resources should be used to ensure that students do not inadvertently violate WSU's standard of conduct. It is strongly suggested that every student read and understand these definitions.

WSU Safety Statement

Washington State University is committed to enhancing the safety of the students, faculty, staff, and visitors. It is highly recommended that students review the Campus Safety Plan (<http://safetyplan.wsu.edu/>) and visit the Office of Emergency Management web site (<http://oem.wsu.edu/>) for a comprehensive listing of university policies, procedures, statistics, and information related to campus safety, emergency management, and the health and welfare of the campus community.