

Principles of Finance (BUS 330)

Professor: Joung Hwa Choi

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Class Time: TuTh 10:30-11:50 AM

Classroom: TBA

Office hours: Fr 9:30 AM -12:30 PM

Course Description: The objective of this course is to introduce the basic principles used in financial management to the students. These principles are characterized in time value of money and relation between risk and return. Once the students acquire the basic knowledge on these principles, they will learn how to apply their knowledge to the valuation of bonds and stocks, financial planning, capital budgeting, leasing, long-term financing, capital structure, dividend policy and risk management. Upon completing this course, the students ought to be able to make basic decisions regarding which bonds or stocks to invest, which project to take, and if so, when; they should be able to extend their knowledge to how to finance a project, how much of payouts, in what form, to make, how much debt to carry, and how to hedge away potential risks associated with basic operations of a firm by using options and/or option-like securities, etc. Therefore, this course will be especially useful for students who are considering a career in corporate finance area. This course also lays foundation for more advanced investment and corporate finance topics to be taught in the higher-level finance courses.

Pre-requisites: ECO 108

Textbook: The textbook for this course is Eugene F. Brigham, Joel F. Houston, *Essentials of Financial Management, newest edition*, Cengage learning. If you have *Fundamentals of Corporate Finance*, by Ross, Westerfield and Jordan, you can use that. (*Fundamentals of Corporate Finance* is the textbook of BUS 365 also). Lecture notes and other materials related to the class can be downloaded from the blackboard before each class.

Evaluation and Grading: Evaluation will be based on

Course Component	Weighting A (normal case)	Weighting B (who miss quiz 1 or 2)	Weighting C (who miss midterm or final exam)
Attendance	10%	10%	10%
Quiz 1	15% (5%+10%)	10% / 15%	20% / 15%
Quiz 2	15%	15% / 10%	15% / 20%
Midterm	30%	35% / 30%	25% / 30%
Final	30%	30% / 35%	30% / 25%
Class participation	upto 5 points to the final score (additionally)	upto 5 points to the final score (additionally)	upto 5 points to the final score (additionally)

Final Grade: At the end of the semester, students can pick the higher one for the final letter grade. The two letter grades are evaluated according to the following two schedules. +/0/- will be given at my disposal.

A	top 30% of the class	A	90 points and up
B	the next 35% of the class	B	75 to less than 90
C	the next 30% of the class	C	55 to less than 75
D&F	the rest	D&F	the rest

Course Outline

Week	Date	Principles of Finance (BUS 330)	Reading Assignment
Week 1	Aug. 30	Orientation	Ch. 3
	Sep. 1	Introduction to Finance	
Week 2	Sep. 6 Sep. 8	Financial Statements	
Week 3	Sep. 13 Sep. 15	Ratio Analysis	Ch. 4
Week 4	Sep. 20		
	Sep. 22	Quiz 1_1 (5%)_Ratio Analysis	
Week 5	Sep. 27	Time Value of Money (TVM)	Ch. 5
	Sep. 29	Discounted Cash Flow Analysis 1	
Week 6	Oct. 4 Oct. 6	Correction Day: No class (Monday's schedule) Discounted Cash Flow Analysis 2	
Week 7	Oct. 11	Quiz 1_2 (10%)_TVM & DCF	Ch. 7
	Oct. 13	Interest rate	
Week 8	Oct. 18		
	Oct. 20	Ch. 9	
Week 9	Oct. 25 Oct. 27		Bonds and Valuation
	Week 10	Nov. 1	
Nov. 30		Basic Math	
Week 11	Nov. 8 Nov. 10	Risk	Ch. 8
Week 12	Nov. 15	CAPM and SML	Ch. 10
	Nov. 17	Stock Valuation	
Week 13	Nov. 22		
	Nov. 24	Quiz 2: CAPM (SML) and Stock Valuation	
Week 14	Nov. 29 Dec. 1	Cost of Capital	Ch. 11
Week 15	Dec. 6	Review and Q&A session (Buffer hour)	
	Dec. 8	Correction Day: No class (Friday's schedule)	
Week 16		Final (TBD)_Cumulative	

Student Accessibility Support Center Statement

If you have a physical, psychological, medical, or learning disability that may impact your course work, please contact the Student Accessibility Support Center, Stony Brook Union Suite 107, (631) 632-6748, or at sasc@stonybrook.edu. They will determine with you what accommodations are necessary and appropriate. All information and documentation is confidential.

Academic Integrity Statement

Each student must pursue his or her academic goals honestly and be personally accountable for all submitted work. Representing another person's work as your own is always wrong. Faculty is required to report any suspected instances of academic dishonesty to the Academic Judiciary. Faculty in the Health Sciences Center (School of Health Technology & Management, Nursing, Social Welfare, Dental Medicine) and School of Medicine are required to follow their school-specific procedures. For more comprehensive information on academic integrity, including categories of academic dishonesty please refer to the academic judiciary website at http://www.stonybrook.edu/commcms/academic_integrity/index.html

Critical Incident Management

Stony Brook University expects students to respect the rights, privileges, and property of other people. Faculty are required to report to the Office of University Community Standards any disruptive behavior that interrupts their ability to teach, compromises the safety of the learning environment, or inhibits students' ability to learn. Faculty in the HSC Schools and the School of Medicine are required to follow their school-specific procedures. Further information about most academic matters can be found in the Undergraduate Bulletin, the Undergraduate Class Schedule, and the Faculty-Employee Handbook.