

# 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 8:30 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%)	<b>10%</b> / 15%	<b>20%</b> / 15%
Quiz 2	15%	15% / <b>10%</b>	15% / <b>20%</b>
Midterm	30%	<b>35%</b> / 30%	<b>25%</b> / 30%
Final	30%	30% / <b>35%</b>	30% / <b>25%</b>
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	Feb. 22	Orientation		
	Feb. 24	Introduction to Finance		
Week 2	<b>Mar. 1</b>	<b>Independence Movement Day: No class</b>		
	Mar. 3	Financial Statements		Ch. 3
Week 3	Mar. 8			Ch. 4
Week 4	Mar. 10	Ratio Analysis		
	Mar. 15			
Week 5	Mar. 17			
	Mar. 22	<b>Quiz 1_1 (5%)_Ratio Analysis</b>		Ch. 5
Mar. 24	Time Value of Money (TVM)			
Week 6	Mar. 29	Discounted Cash Flow Analysis		
	Mar. 31			
Week 7	Apr. 5	<b>Quiz 1_2 (10%)_TVM &amp; DCF</b>		
	Apr. 7	Interest rate		Ch. 7
Week 8	Apr. 12			
	Apr. 14	Bonds and Valuation		Ch. 9
Week 9	Apr. 19			
	Apr. 21			
Week 10	Apr. 26	<b>Midterm: TVM~Bond Valuation</b>		
	Apr. 28	Basic Math		
Week 11	May 3	Risk	Ch. 8	
Week 12	<b>May 5</b>	<b>Children's Day: No class</b>		
	May 10	Risk_Cont.		
	May 12	CAPM and SML	Ch. 10	
Week 13	May 17	Stock Valuation		
	May 19			
Week 14	May 24	<b>Quiz 2: CAPM (SML) and Stock Valuation</b>	Ch. 11	
	May 26	Cost of Capital		
Week 15	May 31			
	Jun. 2	Review and Q&A session (Buffer hour)		
Week 16	<b>Jun. 7</b>	<b>Correction Day: No class (Wednesday's schedule)</b>		
Week 17	Jun. 14 (Tue)	<b>Final (9:00-11:30 AM)_Cumulative</b>		

- The class format is subject to change according to the government's social distance policy.