

**FNCE 3410: Fundamentals of Finance**  
**Loyola Marymount University**  
**Spring 2015**

**Section 02: Tuesday & Thursday, 9:25am-10:40am, Room: St. Roberts 246**

**Section 04: Tuesday & Thursday, 1:35pm-2:50pm, Room: Hilton 063**

**Instructor Name: Joshua D Spizman**

**My Office:** Hilton 254

**Phone:** (310) 338-2902

**Email:** joshua.spizman@lmu.edu

**My Office Hours:** Tuesday and Thursday: 11:00am – 12:00noon; Wednesday: 1:00pm – 4:00pm; or by appointment

**Required Text(s):**

Ross, Westerfield, and Jordan, Fundamentals of Corporate Finance, McGraw-Hill Irwin, 10<sup>th</sup> ed.

Ben & Jerry's Homemade Case Study (by Michael J. Schill)

Available to purchase at: <http://store.darden.virginia.edu/ben-jerrys-homemade>

**Course Prerequisites**

ACCT 2120; ECON 105 or 110 AND 120; ECON 230; Math 112 or 131, all with a minimum grade of C (2.0)

**Course Description**

This course introduces students to fundamental financial decisions made by various types of organizations. The principal objective of the course is for students to develop an understanding of the basic tools of financial analysis. The topics of valuation by discounting, long-term investment decisions, and risk and required return will be emphasized.

**Learning Outcomes:**

This course contributes to student achievement of the following CBA core learning outcomes:

- Students will demonstrate understanding of the core concepts in finance
- Students will accurately utilize quantitative techniques to model and evaluate business decisions
- Students will demonstrate critical thinking skills by defining, modeling, analyzing and evaluating complex business problems

Upon completion of this course, students should successfully demonstrate the following finance course learning outcomes:

- Value a stream of cash flows, whether from a corporate project or a financial instrument, such as a stock or bond.
- Understand the relationship between risk and return and the benefits of diversification.
- Identify the relevant cash flows to evaluate an investment opportunity.
- Estimate a cost of capital (or required rate of return) for capital budgeting decisions.
- Identify the importance of a firm's capital structure, and analyze the effect of debt finance on the risk and required return of equity holders.

## Assignments, including Readings:

**Homework and Quizzes:** There will be *at least* six quizzes. I will announce each quiz in a prior class (no pop quiz). Each quiz will ask one question that is *identical* to a problem from previously assigned homework. I will let you know which homework each quiz will come from. Partial credit may be awarded for incorrect answers. Your lowest quiz score will be dropped. Homework will not be collected nor graded. Answer keys to all homework assignments will be posted *after* the quiz.

**Exams:** There will be three exams during the semester. The third exam will be given during final exam week. All exams are closed book and closed notes; however, I will provide you with a formula sheet from each chapter. Since exam dates are set in advance, if you anticipate a conflict with a religious holiday or a university officially-sanctioned activity, you should notify me at least one week in advance for a rescheduling. No other make up exams will be given. If you miss a midterm exam for other Loyola Marymount University (LMU) approved reasons, you will have to take a comprehensive final exam, and replace your missed mid-term exam grade with your final exam grade. Missing an exam for non-LMU approved reasons will result in a grade of zero for that exam.

## Use of Technology:

### *Financial Calculator*

You are not required to purchase a financial calculator. However, financial calculators do simplify many of the problems and I **strongly** recommend purchasing a financial calculator. I recommend the Hewlett Packard hp 10B II. I will teach how to use this calculator in class. No graphing calculators will be allowed (*no exceptions made*).

**Class attendance:** Classroom attendance is required. You are responsible for all of the material discussed in class, assigned in the readings, and assigned end-of-chapter problems. If you must miss class, please do the following:

1. Get notes from someone who attended class.
2. Review notes and work out the problems.
3. See me if you need further clarification, and only after you have completed steps 1 & 2.

## Grading:

Your cumulative course score will be based on the following schedule. I do **NOT** give extra credit assignments. You are responsible for your own performance.

### Schedule

|                      |             |
|----------------------|-------------|
| Exam 1 Score         | 22.5%       |
| Exam 2 Score         | 22.5%       |
| Exam 3 Score         | 22.5%       |
| Quizzes              | 20%         |
| Ben and Jerry's Case | 7.5%        |
| Best Exam            | <u>5%</u>   |
|                      | <u>100%</u> |

The required assignments will be weighted as presented above. The final course grades may be curved. In no case will a student do worse than a "straight grading scale" (>90%=A-, >80%=B-, >70%=C-, > 65% = D). Pluses and minuses for the letter grade are given based on the class curve for the final total points.

**Tentative Nature of the Syllabus:** If necessary, this syllabus and its contents are subject to revision; students are responsible for any changes or modifications distributed in class or posted on LMU's course management system MYLMU Connect (if you are using that technology).

**Academic Honesty Policy:** Academic dishonesty will be treated as an extremely serious matter, with serious consequences that can range from receiving no credit for assignments/tests to expulsion. It is never permissible to turn in any work that has been copied from another student or copied from a source (including Internet) without properly acknowledging the source. It is your responsibility to make sure that your work meets the standard of academic honesty set forth in the "LMU Honor Code and Process" which appears in the *LMU Bulletin 2014-2015* (see <http://academics.lmu.edu/media/lmuacademics/officeoftheregistrar/documents/bulletinspdf/LMU%20Bulletin%202014-2015.pdf>.)

**Americans with Disabilities Act:** Students with special needs as addressed by the Americans with Disabilities Act who need reasonable modifications, special assistance, or accommodations in this course should promptly direct their request to the Disability Support Services Office. Any student who currently has a documented disability (physical, learning, or psychological) needing academic accommodations should contact the Disability Services Office (Daum Hall Room 224, 310-338-4535) as early in the semester as possible. All discussions will remain confidential. Please visit <http://www.lmu.edu/dss> for additional information.

## **Course Policies**

### ***Communication***

Course materials will be posted on MyLMU Connect. It is the responsibility of the student to ensure that he/she has access. I plan to post notes, readings, and other necessary materials for the week no later than the Sunday night of that week. At times I will communicate with the entire class using campus email systems, so it is essential that you regularly check your lion.lmu.edu email address or forward your lion account email to your preferred email address.

### ***LinkedIN***

Students are also required to Connect with the professor on LinkedIn.com by class time on Friday, January 23, 2015. **Failure to do so will result in a loss of 5 points on your first exam.**

### ***Electronics***

Please silence all phones before class begins. There is no reason for cell phones to be out during class time. Texting, playing games, surfing the web, etc. is distracting to you and may be distracting to others around you. Please be respectful.

### ***E-mails***

All e-mails to the professor must be written in a proper, professional manner. If your e-mail message is unprofessional or contains grammatical or spelling mistakes, it will be returned to you with a request that you correct the message and resend it. Before sending an e-mail, you should read it over one time.

### ***Classroom Observation***

It is a practice in the College for faculty members to observe classes taught by other faculty. From time to time, therefore, faculty from our College or even from other colleges may attend.

## TENTATIVE Course Outline

*I reserve the right to change the schedule as the semester goes on.*

| <b>Date</b>   | <b>Topic</b>  | <b>Reading in Textbook</b> |
|---------------|---|----------------------------|
| Jan 13 (Tue)  | Syllabus and Brief Course Overview                            |                            |
| Jan 15 (Thu)  | Introduction to Corporate Finance                             | Chp 1                      |
| Jan 20 (Tue)  | Time Value of Money   | Chps 5 & 6                 |
| Jan 22 (Thu)  | Time Value of Money   | Chps 5 & 6                 |
| Jan 27 (Tue)  | <b>Ben and Jerry's Case Discussion (Mandatory Attendance)</b> |                            |
| Jan 29 (Thu)  | Interest Rates and Bond Valuation                             | Chp 7                      |
| Feb 3 (Tue)   | Interest Rates and Bond Valuation                             | Chp 7                      |
| Feb 5 (Thu)   | Interest Rates and Bond Valuation / Stock Valuation           | Chp 7 / Chp 8              |
| Feb 10 (Tue)  | Stock Valuation   | Chp 8                      |
| Feb 12 (Thu)  | Stock Valuation   | Chp 8                      |
| Feb 17 (Tue)  | <b>Exam #1</b>  |                            |
| Feb 19 (Thu)  | <i>No classes - Spring Break Holidays</i>                     |                            |
| Feb 24 (Tue)  | NPV and Other Investment Criteria                             | Chp 9                      |
| Feb 26 (Thu)  | NPV and Other Investment Criteria                             | Chp 9                      |
| Mar 3 (Tue)   | NPV and Other Investment Criteria                             | Chp 9                      |
| Mar 5 (Thu)   | Making Capital Investment Decisions                           | Chp 10                     |
| Mar 10 (Tue)  | Making Capital Investment Decisions                           | Chp 10                     |
| Mar 12 (Thu)  | Making Capital Investment Decisions                           | Chp 10                     |
| Mar 17 (Tue)  | Making Capital Investment Decisions                           | Chp 10                     |
| Mar 19 (Thu)  | Making Capital Investment Decisions                           | Chp 10                     |
| Mar 24 (Tue)  | Making Capital Investment Decisions                           | Chp 10                     |
| Mar 26 (Thu)  | <b>Exam #2</b>  |                            |
| Mar 31 (Tue)  | <i>No Classes – Cesar Chavez Day</i>                          |                            |
| Apr 2 (Thu)   | <i>No Classes - Easter Holidays</i>                           |                            |
| Apr 7 (Tue)   | Cost of Capital/ Portfolio Theory                             | Chp. 12, 13, & 14          |
| Apr 9 (Thu)   | Cost of Capital/ Portfolio Theory                             | Chp. 12, 13, & 14          |
| Apr 14 (Tue)  | Cost of Capital/ Portfolio Theory                             | Chp. 12, 13, & 14          |
| Apr 16 (Thu)  | Cost of Capital/ Portfolio Theory                             | Chp. 12, 13, & 14          |
| Apr 21 (Tue)  | Cost of Capital/ Portfolio Theory                             | Chp. 12, 13, & 14          |
| Apr 23 (Thu)  | Capital Structure   | Chp 16                     |
| Apr 28 (Tue)  | Capital Structure   | Chp 16                     |
| Apr 30 (Thu)  | Course Overview   |                            |
|               |   |                            |
| May 7 (Thurs) | <b>Exam #3 (Section 02) 8:00am - 10:00am</b>                  |                            |
| May 7 (Thurs) | <b>Exam #3 (Section 03) 11:00am - 1:00pm</b>                  |                            |
|               |   |                            |

Notes: Last day to add or drop a class without a grade of W is January 16.

Last day to withdraw from classes or apply for Credit/No Credit grading is March 20.