Shidler College of Business
University of Hawai'i at Manoa
Spring 2016

Bus 314 – Basic Finance
W-F: 9:00-10:15
Crawford Hall 115

Instructor: Alex Hittle
Office Hours: By Arrangement
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Course Description:

BUS 314 – Basic Finance – is the business core course in basic finance. It is a broad exposure to financial theory, principles, concepts, tools, techniques, practices and analysis. This is an introductory course, which assumes the student does not have a background in finance. This class intends to introduce the student to the basic vocabulary and concepts of financial reasoning, give the student familiarity with key financial decisions made by firms and provide a conceptual framework for the analysis of these decisions. Major topics include: time value of money, risk estimation, financial market structure, capital budgeting, capital structure, dividend policy, financial statement analysis and working capital management.

Textbook and Materials:


Calculator: You will need a calculator capable of handling exponents. If you believe further finance courses are in your future, you may wish to purchase a financial calculator.

- The classic Wall Street calculator is the HP-12C. Be aware that it uses an entry system called Reverse Polish Notation which takes some time to learn.
- Traditionally this course has recommended a TI BA II financial calculator.
- As a practical matter, all you need is the ability to do exponents. All more elaborate financial calculations tend to be done with spreadsheet programs on a computer.
- Note: Outstanding (and inexpensive) financial calculator programs are available as smartphone apps. Unfortunately, because it is easy to cheat with a smartphone on a test, I will not allow you to use your phone during exams. Sorry.

Computer Access: I assume all students have access to a computer and have access to and at least some familiarity with the spreadsheet program Excel. If that is not the case for you, please inform me.
Grading Structure:

Midterm one: 25%
Midterm two: 25%
Final: 40%
Attendance: 10%

The midterms will be on the material from the topics presented in Part I and then Part II of the course. The final will be cumulative. Exams will include quantitative problems with point answers as well as short answer problems. Calculators will be permitted.

I believe that attendance is important. You will receive full credit for attendance if you come to all the classes, or, if you alert me ahead of time that you can't make a class – a brief e-mail will do.

Make-up exams can only be made under unusual circumstances. If there is a reason you cannot take an exam, you must make arrangements before the exam. Unless approved in advance, no make-up exam will be given.

Ethical Issues in Finance

Students will be exposed to ethical issues that arise for financial planners and analysts. Students will review the CFA Institute’s "Code of Ethics and Standards of Professional Conduct", and will be presented with hypothetical cases involving ethical issues in a business financial setting.

Academic Dishonesty:

It is not worth it! It is much easier to simply learn the material rather than cheat. So don't do it. Instances of academic dishonesty, as defined by the University Student Conduct Code: (http://www.studentaffairs.manoa.hawaii.edu/policies/conduct_code/) will not be tolerated and may result in a grade of "F".
Class Schedule:

Part I: The Basics:
   a) What is a Business?
   b) Moving Money Through Time.

January
Class 1: 1/13/16 – Introduction:
Class 2: 1/15/16 – Financial Statements: Balance Sheet
Class 3: 1/20/16 – Financial Statements: Income Statement
   And Cash Flow
Class 4: 1/22/16 – Compounding and Discounting
Class 5: 1/27/16 – Compounding and Discounting
Class 6: 1/29/16 – Interest Rates
   (Problem set 1 – handed out)

Reading:
   Chapter 1.
   Chapter 2.
   Chapter 2.
   Chapter 3.
   Chapter 4.
   Chapter 5.

February:
Class 7: 2/3/16 – Discussion of Problem Set 1
Class 8: 2/5/16 – Midterm #1

March:
Class 15: 3/2/16 – Discussion of Problem Set 2
Class 16: 3/4/16 – Midterm #2

Part II: Valuing And Investing In Bonds and Stocks.

Class 9: 2/10/16 – Bonds
Class 10: 2/12/16 – Bonds
Class 11: 2/17/16 – Stocks
Class 12: 2/19/16 – Stocks
Class 13: 2/24/16 – Risk and Return
Class 14: 2/26/16 – Risk and Return
   (Problem set 2 – handed out)

Class 17: 3/9/16 – Capital Budgeting
Class 18: 3/11/16 – Cash Flow Estimation
Class 19: 3/16/16 – Cost of Capital
Class 20: 3/18/16 – Cost of Capital

Part III: Corporate Finance.

Reading:
   Chapter 6.
   Chapter 6.
   Chapter 7.
   Chapter 7.
   Chapter 8.
   Chapter 8.
   Chapter 9.
   Chapter 10.
   Chapter 11.
   Chapter 11.

Class 21: 3/30/16 – Forecasting

April:
Class 23: 4/6/16 – Financial Ratios
Class 24: 4/8/16 – Raising Capital
Class 25: 4/13/16 – Capital Structure
Class 26: 4/15/16 – Capital Structure
Class 27: 4/20/16 – Dividend Policy

(Problem Set 3 handed out)

Class 28: 4/22/16 – Discussion of Problem Set 3

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Part IV: Ethics and Review

Class 29: 4/27/16 – Ethics Lecture

CFA Institute: “Code of Ethics and Standards of Professional Conduct”

Class 30: 4/29/16 – Ethics Discussion

May:

Class 31: 5/4/16 -- Review of course. Questions for final

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Part V: The Final

Study Period (no class): 5/6/16
Final Exam: In week of 5/9/16-5/13/16

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