



蘇州大學
Soochow University

Soochow University

Dongwu Business School

FIN 103 Business Finance

Winter 2020

Course information

Course Credits: 6

Contact Hours: 54 hours

Class Time: 8:30 - 10:20

Classroom: P315

Instructor: TBA

Course Description

This course is designed to provide an introductory framework for understanding how financiers think, how they break down components of a financial problem, how they determine risks, how they make decisions, and how they value an investment as a potential financial opportunity as investors and corporations in the financial market. Students are expected to be familiar with financial vocabularies, understand aspects of financial theory, develop skills in financial computation, and appreciate the underlying financial mindset as well as incentives involved when solving problems of finance.

Prerequisite(s)

N/A



Learning Objectives

Upon completion of this course, students will be able to:

1. Describe basic types, goals, and implications of financial management and the role of the financial decision-maker;
2. Interpret financial statements and how they influence long-term planning and growth;
3. Explain the meaning of time value of money and how to evaluate the trade off between dollars today and dollars sometime in the future;
4. Describe how firms decide to commit capital and its impact on cash flow (discounted cash flow);
5. Explain the different criteria used to evaluate proposed investments (e.g. net present value (NPV), profitability index, payback period);
6. Determine the cost of capital, as well as understand and apply the concepts of the weighted cost of capital (WACC);
7. Recognize and understand the elements of optimal capital structure, and the effects of financial leverage, bankruptcy, and the role of taxes on optimal capital structure;
8. Describe the dynamics of behavioral finance and its influence on individual and corporate financial decision-making (e.g. the impact of heuristics).

Methodology

Methodology	Hours	Hours of work Face-to-face	Hours of work Non Face-to-face
Lectures	40	78 hours (60%)	
Practice teaching	8		
Assessment	30		
Personal study	30		58 hours (40%)
Tasks	22		
Bibliographic search	6		
Total	136	78	58



Textbook(s)

Fundamentals of Corporate Finance by Stephen Ross, Randolph W. Westerfield and Bradford D. Jordan (12th edition; 9781259918957)

Tasks and Evaluation

2 Assignments	30%
2 Quizzes	20%
Midterm Test	20%
Final Exam	30%

According to the Soochow University Classroom Attendance Policy, class attendance is required. Students who miss the class for more than 2 times will get a penalty as 15% deduction from the cumulative grade. If the instructor reports a student's frequent missing of class to the Soochow University Academic Administration Office, the student might get a written warning and might be prohibited from attending final exam.

Assignments and quizzes are based on the course contents and questions discussed in class. Assignments should be completed in a T-account format. Every quiz is around 20-minute long. All quizzes must be completed before the due day. There will not be make-up quizzes.

Tentatively, midterm test will cover lec 1-10. The final exam will be in the last class. Every test is around 2-hour long. Note that there will be NO make-up tests and exams. Only non-programmable calculators can be used in the tests and exam. Any attempts to use electronic devices like cellphone, iPad, iWatch, laptops, etc. will be seemed as cheating.



Rating system:

1. Assessment

ASSESSMENT ITEM	PERCENT OF FINAL GRADE
Assignments	30% (15% per assignment)
Quizzes	20% (10% per quiz)
Midterm	20%
Final exam	30%

2. Grading Scale

A+ 96-100	A 90-95	A- 85-89
B+ 82-84	B 78-81	B- 75-77
C+ 71-74	C 66-70	C- 62-65
D 60-61	F < 60	

Course Content

Week	Lesson	Content
1	1	Introduction to Corporate Finance: What does a financial manager do?
	2	Financial Statements: Balance sheet, Income statement
	3	Time Value of Money: Future Value and Compounding, investing for a single period
	4	Discounted Cash Flow Valuation: Future and present values of multiple cash flows



	5	Discounted Cash Flow Valuation: Effective annual rates, Calculating and comparing rates, EAR versus APR Assignment 1
2	6	Interest Rates and Bond Valuation: Bond Ratings, Moody's and Standard and Poors
	7	Stock Valuation: Zero Growth, Constant Growth Model
	8	Net Present Value and Other Investment Criteria: NPV estimate, Payback Rule, Internal Rate of Return
	9	Net Present Value and Other Investment Criteria: IRR versus NPV, Mutually Exclusive Projects
	10	Quiz 1
3	11	Making Capital Investment Decisions: Incremental Cash Flows, Pro Forma Statements
	12	Capital Market History: Returns thru time for different asset classes, Historical record
	13	Midterm Exam
	14	Return, Risk, and Security Market Line Expected Returns and variances
	15	Return, Risk, and Security Market Line Systematic risk and beta, Portfolio beta
4	16	Cost of Capital: Cost of Capital, Cost of Equity, Cost of Debt, Cost of Preferred Stock Assignment 2



	17	Financial Leverage and Capital Structure Policy: Capital Structure Question - Debt or Equity Financing?
	18	Financial Leverage and Capital Structure Policy: M&M proposition I and II with and without corporate taxes
	19	Quiz 2
	20	Dividends and Payout Policy: Cash dividends, stock dividends, low payouts versus high payout ratios
	21	Final Exam

University Regulations and Services

Soochow University highly values the academic integrity and aims to promote the academic fairness, honesty and responsibility. Any academic dishonesty behaviors and any attempts to cheats and plagiarism will be reported to the university administration office. A written warning and the relevant penalties will be imposed. The record might be shown on the official university transcript.

Soochow University also highly respects students' accommodation for disabilities and religions. You might contact the Student Accessibility Office if you have any questions, concerns or if you would like to report any offensive behaviors.

Note:

Please contact the University Administrative Office immediately if you have a learning disability, a medical issue, or any other type of problem that prevents professors from seeing you have learned the course material.