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**[BUS 314] BUSINESS FINANCE**  
FALL 2024

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<b>SECTION:</b>	BUS 314 - 001	<b>OFFICE HOURS:</b>	T 11:45am-12:45pm or
<b>CLASS:</b>	TR 10:30 - 11:45 AM		by appointment
<b>INSTRUCTOR:</b>	Hamza Essaidi	<b>Zoom CODE:</b>	979 364 9407
<b>E-MAIL:</b>	essaidi@hawaii.edu		

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### **PREREQUISITES**

ACC 200 and ACC 210, ECON 130 and ECON 131; or consent

### **COURSE DESCRIPTION**

BUS 314 serves as a foundational course in finance, essential for progressing to advanced finance studies. It provides a thorough introduction to financial theory, principles, concepts, tools, techniques, and practices. Students will gain familiarity with financial terminology and understand key corporate financial decisions, alongside the frameworks used for their analysis. The course addresses how companies invest in real assets, secure financing for these investments, and determine dividend and payout policies. Major topics include financial markets, time value of money, bond and stock valuation, cost of capital, capital budgeting, capital structure, dividend policy, and risk assessment.

### **KEY LEARNING OUTCOMES**


In this course, you will master essential finance tools and concepts. We will begin by learning how to value distant and uncertain cash flows, then progress to understanding risk and applying these tools for making investment decisions, both for firms and for yourself. We will explore the key drivers of corporate financing policies and examine how stocks and bonds are valued, along with the interaction between financial markets and businesses. A solid grasp of finance is crucial for understanding a company's decision-making process. The knowledge gained in this course will enhance your comprehension of your future employer's operations, improve your job performance, and aid you in analyzing other companies in roles such as competitor, consultant, or investor. Upon completion of this course, the students will be able to:

- Apply financial reasoning principles to various business scenarios.
- Assess business challenges using time value of money techniques.
- Conduct both quantitative and qualitative analyses of risk and return.
- Demonstrate a solid understanding of financial markets and instruments.
- Apply the basic principles of security analysis.
- Analyze business issues related to capital structure, dividend policy, and cost of capital.

### **TEXTBOOKS AND COURSE MATERIALS**

 **ONLINE RESOURCES:** Lecture notes and PowerPoint slides will be posted on Laulima

 **TEXTBOOK:** Berk, DeMarzo, and Harford, Fundamentals of Corporate Finance, Pearson/Prentice Hall, 6th edition

 **CALCULATOR:** Texas Instruments BA II Plus or equivalent

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## GRADING

Course Component	Overall Weight	Tentative Period
<i>Attendance and Participation</i>	10%	
<i>Homework</i>	25%	
<i>Midterm Exam 1</i>	20%	October 3
<i>Midterm Exam 2</i>	20%	November 12
<i>Final Exam</i>	25%	December 12

The guidelines for letter grades are as follows. Plus and minus grades will be used to provide more granularity within each letter grade:

- A = Outstanding mastery of topics and an exceptional ability to apply and extend concepts.
- B = Good mastery of topics with a strong ability to apply them effectively.
- C = Average mastery of topics and a basic ability to apply them..
- D = Inadequate demonstration of topic mastery and application.
- F = Grossly inadequate demonstration of topic mastery and applications.

### ATTENDANCE & PARTICIPATION

Taking a course implies a commitment to regular attendance. Any absence, regardless of the reason, requires students to make up for missed work. It's crucial to recognize that frequent absences might, at the instructor's discretion, impact both the grade and the ability to stay in the course. Active participation is equally vital; students should be prepared to engage by answering questions, contributing comments, participating in discussions, and presenting in class. Attendance will be taken starting the last day to register for a course (September 3). You are allowed up to four unexcused absences without penalty. Each subsequent absence (starting the 5th absence) will result in an automatic one point deduction from your attendance & participation grade.

### HOMEWORK

There will be six homework assignments, all of which must be completed and submitted through Laulima by the due date. Each assignment is worth 5% of your final grade. I will drop your lowest homework grade to accommodate any challenges you may face. Note that late submissions are not accepted. If you have a medical excuse, you may request an extension. To do so, email me within 24 hours of the missed deadline and include a doctor's note. Submitting your homework online through Laulima is the only accepted method for verifying timely completion. I will not accept other forms of evidence, such as timestamps for creation, access, or modification. Completing homework is essential for mastering the course material and helps identify the key areas you need to focus on.

### EXAMS

There will be **two** midterm exams and **one** final exam. Exams will be given during the normal class period. Each exam will consist of multiple-choice questions. The exams are closed book, but the use of financial calculators is permitted. Although the exams are not cumulative, the material from earlier chapters will help in understanding the topics covered later in the course.

Make-up exams are only permitted under exceptional circumstances. If you cannot take an exam as scheduled, you must make arrangements before the exam. To qualify

for special exam arrangements, you need to provide a detailed explanation of your circumstances and submit appropriate documentation prepared and signed by a third party. If your reason for missing the exam is deemed valid, the weight of the missed exam will be redistributed to the remaining exams. If the excuse is insufficient, you will receive a grade of 0 for the missed exam. Please note that no make-up exams will be allowed unless approved in advance.

### **FAMILIARITY WITH THE FINANCIAL CALCULATOR (TEXAS INSTRUMENTS BA II PLUS)**

Please bring your financial calculator to every class, as it is essential for coursework and exams. While I will do my best to demonstrate how to use the calculator in class, it is crucial to take advantage of additional resources to become proficient. The Shidler website also provides an extensive resource tool detailing the use of the calculator, and you may also find it helpful to explore alternative resources such as Google tutorials or YouTube videos for further guidance.

### **EXTRA CREDIT OPPORTUNITIES**

Throughout the semester, I will offer opportunities to earn extra credit points. To ensure fairness, please note that these will be available to the entire class. No individual extra credit opportunities will be provided.

### **ETHICAL ISSUES IN FINANCE**

Students will review and discuss Codes of Ethics for financial planners and financial analysts. The importance of the fiduciary role, client confidentiality and the role of an agent will be explored. Students will analyze actual ethical problems that have arisen in financial institutions/markets and hypothetical cases involving ethical issues in a business financial setting.

### **NORMATIVE CLASS COMMUNICATIONS**

Interactions are very important for effective learning and are highly encouraged.

- Attendance is mandatory, and students are strongly encouraged to participate in class discussions and raise questions. You are responsible for material covered in class and any assignments missed due to absence. It is recommended that you make pre-arrangements with me in this case.
- Besides office hours, email is the best way to reach me outside class. When sending e-mails regarding the class, please include "BUS 314" in the subject line and please remember to leave your name at the end of the email.
- Information will be communicated mainly through "Laulima" and group emails. You are responsible for checking "Laulima" and emails regularly. All scores are posted on "Laulima/Gradebook."
- In order to be considered, all grading questions should be raised within two weeks of the score posting date.
- Please refrain from using laptops for any purpose not directly related to the current class since it affects/distracts other students.

### **USE OF LAULIMA**

This class uses [Laulima](#). It may be used to distribute course materials, to communicate and collaborate online, to post grades, to submit assignments, and to take online surveys. You will be responsible for checking Laulima course site regularly for class work and announcements. Scheduled Laulima downtimes are posted on the Laulima

login page, and thus are not an excuse for late work. Lulima technical support can be reached at [itech-1@hawaii.edu](mailto:itech-1@hawaii.edu), so plan accordingly.

### **SPECIAL ACCOMMODATIONS**

Students with disabilities are encouraged to contact the KOKUA Program for information and services. Services are confidential and free of charge. In case of need, contact KOKUA at 956-7511, or [kokua@hawaii.edu](mailto:kokua@hawaii.edu), or Student Services Center Room 13. Early contact is strongly recommended.

### **DROP POLICY**

If the University policies permit, a student may withdraw or drop this class with approval by the withdraw/drop deadlines set by the University. For deadlines for dropping/withdrawing from business classes, please check the [Fall 2024 Academic Calendar](#).

### **SCHOLASTIC DISHONESTY POLICY**

Acts of academic dishonesty are not tolerated in this class. Acts of academic dishonesty as defined by university policies may lead to redoing the assignment, receiving a failing or reduced grade for the course or being referred to the UH Dean of Students for University disciplinary action. Students should refer to the [UH Student Conduct Code](#) for detailed definitions and explanations of academic dishonesty.

## OUTLINE & TENTATIVE COURSE CALENDAR

Date	Topics	Chapters
27-Aug	Introduction & Course Overview	
29-Aug	Corporate Finance and the Financial Manager	Ch1
3-Sep & 5-Sep	Introduction to Financial Statement Analysis	Ch2
10-Sep & 12-Sep	Time Value of Money: An Introduction	Ch3
17-Sep & 19-Sep	Time Value of Money: Valuing Cash Flow Streams	Ch4
24-Sep & 26-Sep	Interest Rates	Ch5
1-Oct	Review Midterm 1	
3-Oct	Midterm 1	
8-Oct & 10-Oct	Bonds	Ch6
15-Oct & 17-Oct	Stock Valuation	Ch7
22-Oct & 24-Oct	Investment Decision Rules	Ch8
29-Oct & 31-Oct	Fundamentals of Capital Budgeting	Ch9
5-Nov	No Class: Election Day	
7-Nov	Review Midterm 2	
12-Nov	Midterm 2	
14-Nov & 19-Nov	Stock Valuation: A Second Look	Ch10
21-Nov & 26-Nov	Risk and Return in Capital Markets	Ch11
28-Nov	No Class: Thanksgiving	
3-Dec & 5-Dec	Systematic Risk and the Equity Risk Premium	Ch12
10-Dec	Review Final Exam	
12-Dec	Final Exam	

**NOTE:** The above actual dates may be modified due to the requirements of the class. Also, the indicated dates may be moved backward or forward depending on class progress. **Exact dates and instructions will be announced on course webpage.**