

Principles of Finance (BUS 330)

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Office hours (on Zoom): TBA

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: BUS 115, 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)
Attandance	10%	10%	10%
Quiz 1	15%	10% / 15%	20% / 15%
Quiz 2	15%	15% / 10%	15% / 20%
Midterm	30%	35% / 30%	25% / 30%
Final	30%	30% / 35%	30% / 25%
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. +/- 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)
Week 1	Aug. 31	Orientation
	Sep. 2	Introduction to Finance
Week 2	Sep. 7	Financial Statements
	Sep. 9	
Week 3	Sep. 14	Ratio Analysis
	Sep. 16	
Week 4	Sep. 21	Chuseok holiday
	Sep. 23	Ratio Analysis (cont.)
Week 5	Sep. 28	Quiz 1_1 (5%)
	Sep. 30	Time Value of Money (TVM)
Week 6	Oct. 5	Discounted Cash Flow Analysis
	Oct. 7	
Week 7	Oct. 12	Quiz 1_2 (10%)
	Oct. 14	Interest rate
Week 8	Oct. 19	Bonds and Valuation
	Oct. 21	
Week 9	Oct. 26	Bonds and Valuation (cont.)
	Oct. 28	
Week 10	Nov. 2	Midterm
	Nov. 4	Basic Math
Week 11	Nov. 9	Risk
	Nov. 11	
Week 12	Nov. 16	CAPM and SML
	Nov. 18	Stock Valuation
Week 13	Nov. 23	
	Nov. 25	Quiz 2
Week 14	Nov. 30	Cost of Capital
	Dec. 2	
Week 15	Dec. 7	Q&A session (Buffer hour)
	Dec. 9	Correction Day: no class (Monday's schedule)
Week 16	Dec. 14 (Tu)	Final (9:00-11:30 AM)

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