

# Principles of Finance (BUS 330)

**Professor: Joung Hwa Choi**

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**Office hours: TUTH 8:30 -9:30 am & 1:00-2:00 pm**

**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.

**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%	<del>10%</del> / 15%	<del>20%</del> / 15%
Quiz 2	15%	15% / <del>10%</del>	15% / <del>20%</del>
Midterm	30%	<del>35%</del> / 30%	<del>25%</del> / 30%
Final	30%	30% / <del>35%</del>	30% / <del>25%</del>
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. +/0/- 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

	Date	Principles of Finance (BUS 330)
Week 1	<b>Aug. 25</b>	Orientation
	Aug. 27	Introduction to Finance
Week 2	<b>Sep. 1</b>	Financial Statements
	Sep. 3	
Week 3	<b>Sep. 8</b>	Time Value of Money (TVM)
	Sep. 10	
Week 4	<b>Sep. 15</b>	Discounted Cash Flow Analysis
	Sep. 17	
Week 5	<b>Sep. 22</b>	<b>Quiz 1</b>
	Sep. 24	Interest rate
Week 6	<b>Oct. 6</b>	Bonds and Valuation
	Oct. 8	
Week 7	<b>Oct. 13</b>	Q&A
	Oct. 15	
Week 8	<b>Oct. 20</b>	<b>Midterm</b>
	Oct. 22	Midterm review
	Date	Principles of Finance (BUS 330)
Week 9	<b>Oct. 27</b>	Basic Math
	Oct. 29	Risk
Week 10	<b>Nov. 3</b>	CAPM and SML
	Nov. 5	
Week 11	<b>Nov. 10</b>	Stock Valuation
	Nov. 12	
Week 12	<b>Nov. 17</b>	<b>Quiz 2</b>
	Nov. 19	
Week 13	<b>Nov. 24</b>	Cost of Capital
	Nov. 26	
Week 14	<b>Dec. 1</b>	Capital Budgeting
	Dec. 3	
Week 15	<b>Dec. 4-10</b>	<b>Final</b>

- Red bold letter dates mean in-person sessions.