

Syllabus - 52:390:301:90 PRINCIPLES OF FINANCE

Syllabus

Course Syllabus

Instructor Information

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Course Mission and Purpose My sole mission and purpose for this class is to present financial principles in a clear, concise, and programmed manner that provides you opportunities to discover how finance can enhance your personal and professional lives.

Course Description Principles form the foundation for understanding and decision-making. As such, a principles of finance course should cover the basics for making appropriate financial decisions. This course will cover those basic tools for making financial decisions.

Required Textbook and Materials The textbook is *Foundations of Finance*, 9th Edition, by Keown, Martin and Petty. The text is available in both print and eText form. The text contains MyFinanceLab access from Pearson. You should access the eText and MyFinanceLab through this course shell. Additional instructions can be found in Accessing MyFinanceLab found in *MyFinanceLab Items*. If you choose to

purchase a print version of the text with an access code to the MyFinanceLab set up for this course, feel free to do so.

I will refer to the text as "KMP" when recommending chapters and suggested questions/exercises. I will do my best to cross reference the MyFinance exercises to the ones in the original text chapters for easier MyFinanceLab use. Please be patient with my cross referencing, but also please let me know if you find gaps.

Access MyFinanceLab through the MyLab and Mastering course modules. You will not need a "course ID" if you access through this site. For all 100% online students who are paying a premium for their online education, your access to *MyFinanceLab* is free. It is my understanding you will be contacted with access information.

All students – there is no need to purchase the hard copy textbook if you choose to buy *MyFinanceLab*, as *MyFinanceLab* access includes access to the e-text. If you feel you need a hard copy, like I would, that purchase is at additional cost.

NOTE: The following are NOT required, but recommended.

Subscriptions

You should be reading the *Wall Street Journal*, which offers substantial student discounts. I will refer periodically to various WSJ content. Again, although not required, a subscription to the *Wall Street Journal* is highly recommended. Your competitors are reading it! To make subscribing easy for you, I'm using the WSJ referral program this semester. My understanding is that you can get a subscription at \$1 per week by clicking the following [Link \(Links to an external site.\)](#)[Links to an external site.](#)

You should also read something with a broader focus, like *The Economist*, which also offers substantial discounted student subscriptions. Visit [The Economist \(Links to an external site.\)](#)[Links to an external site.](#) online for more details. Again, *The Economist* is only a suggested, not required reading.

The *Financial Times* is also a worthy read. Visit the [Financial Times \(Links to an external site.\)](#)[Links to an external site.](#) online and contact them regarding a student subscription for the semester, if not for the year.

Calculator

You will probably want to get a financial calculator. There is a financial calculator as part of your MyFinanceLab access. You can find this item in Course Home. Feel free to purchase one of the Texas Instruments or Hewlett Packard "financial" calculator models. You will also be introduced to spreadsheet techniques, but having a calculator often makes for quick and direct calculations.

Note: Your choice to subscribe, or not, does not affect my decision to recommend the aforementioned calculators or to recommend you subscribe to the *Journal*,

The Economist, or the *Financial Times*. It is simply my humble opinion that you are at a competitive disadvantage if you do not follow my recommendations. You are free to choose.

**Course
Goals and
Objectives**

The Finance Area at the School of Business-Camden has adopted the following Learning Goals and Objectives for Finance 301. Attaining the goals and objectives are structured in a weekly module format. Every module begins on a Tuesday, and ends the following Monday. Details are included in each of the following Goals/Objective sections.

Learning Goal #1—Proficiency with Financial Statements

To attain this goal, students will be able to:

1. Describe the benefits, shortcomings, and connections between the balance sheet, income statement, and statement of cash flows.
2. Calculate and interpret important financial ratios.
3. Decompose and interpret financial ratios using DuPont analyses.
4. Estimate future funding needs by constructing a sales driven forecast of financial statements.

What background information is assigned to help students attain this goal?

- KMP Chapters 3, 4, & 14

When will students work to attain this goal?

Efforts toward goal attainment are assigned during the weeks of January 16, 23, & 30.

How will students be assessed regarding goal attainment?

Students will be assessed according to their participation and performance in:

- Pre-Lecture Assignment Material Quiz to be initiated on Tuesdays and due those evenings.
- Weekly online discussion participation begins on Wednesdays and posts are due Fridays.
- Post material coverage weekly evaluations are due Mondays.

Learning Goal #2—Proficiency with Time Value of Money Calculations

To attain this goal, students will be able to:

1. Compute the present and future values of individual cash flows, annuities, perpetuities, and uneven cash flow streams.
2. Use present and future value concepts to calculate returns.
3. Use the concept of compounding to calculate effective interest rates.
4. Construct a loan amortization schedule and separate a loan payment into its interest and principal repayment components.

What background information is assigned to help students attain this goal?

- KMP Chapter 5

When will students work to attain this goal?

Efforts toward goal attainment are assigned during the weeks of February 6, 13, and 20.

How will students be assessed regarding goal attainment?

Students will be assessed according to their participation and performance in:

- Pre-Lecture Assignment Material Quiz to be initiated on Tuesdays and due those evenings.
- Weekly online discussion participation begins on Wednesdays and posts are due Fridays.
- Post material coverage weekly evaluations are Mondays.

Learning Goal #3—Knowledge of Stock and Bond Basics

To attain this goal, students will be able to:

1. Describe the features, rights, risks, and cash flows associated with ownership of stocks, bonds, and preferred stock.
2. Apply present and future value techniques to the valuation of stocks, bonds, and preferred stock and to the calculation of their required rates of return.
3. Explain how changes in yields and time to maturity affect bond prices.
4. Explain how changes in expected dividend growth and required return affect stock prices.

What background information is assigned to help students attain this goal?

- KMP Chapters 7 & 8

When will students work to attain this goal?

Efforts towards goal attainment are assigned during the weeks of February 27 and March 6.

How will students be assessed regarding goal attainment?

Students will be assessed according to their participation and performance in:

- Pre-Lecture Assignment Material Quiz to be initiated on Tuesdays and due those evenings.
- Weekly online discussion participation begins on Wednesdays and posts are due Fridays.
- Post material coverage weekly evaluations are due Mondays.

Learning Goal #4 - Proficiency with Capital Budgeting Techniques

To attain this goal, students will be able to:

1. Compute net present values (NPVs) and internal rates of return (IRRs) and apply the decision rules associated with each.
2. Explain the benefits and detriments of using NPV, IRR, and Payback.
3. Compute the cash flows associated with capital expansion and replacement decisions.
4. Calculate the weighted average cost of capital (WACC) and the costs of its components

What background information is assigned to help students attain this goal?

- KMP Chapters 9, 10 & 11

When will students work to attain this goal?

Efforts towards goal attainment are assigned during the weeks of March 20, 27 and April 3.

How will students be assessed regarding goal attainment?

Students will be assessed according to their participation and performance in:

- Pre-Lecture Assignment Material Quiz to be initiated on Tuesdays and due those evenings.
- Weekly online discussion participation begins on Wednesdays and posts are due Fridays.

- Post material coverage weekly evaluations are due Mondays.

Learning Goal #5—Understanding of Risk and Return Basics

To attain this goal, students will be able to:

1. Explain and relate the concepts of expected return, standard deviation, beta, risk aversion and risk premiums.
2. Describe the concept of correlation and its role in diversification and the determination of portfolio risk.
3. Use the security market line (SML) to calculate the required returns for individual assets and portfolios.
4. Distinguish between firm-specific and market risk.

What background information is assigned to help students attain this goal?

- KMP Chapter 6

When will students work to attain this goal?

Efforts towards goal attainment are assigned during the weeks of April 10, 17, and 24.

How will students be assessed regarding goal attainment?

Students will be assessed according to their participation and performance in:

- Pre-Lecture Assignment Material Quiz to be initiated on Tuesdays and due those evenings.
- Weekly online discussion participation begins on Wednesdays and posts are due Fridays.
- Post material coverage weekly evaluations are due Mondays.

In summary, the purpose of this course is to provide students a sound foundation of financial principles. The aforementioned goals and objectives address that purpose. No matter which financial direction a student focuses on, whether it be corporate focused, investments focused, or institutions focused, the principles presented in this course are applicable.

The course is designed specifically to provide the requisite background to make sound financial decisions based on organizational and marketplace realities. As

such, the course will contain both theoretical and practical perspectives. The asynchronous nature of the course makes it vital that students take their own initiative regarding suggested assignments. There is much to cover. You should place the aforementioned schedule in your calendar. I am here to help, but be prepared to do much work on your own.

**Teaching
Methods
and Course
Delivery**

Given this is an asynchronous offering, you will be required to exhibit a higher than usual level of self-discipline in reading the assigned material, working any suggested questions, participating in discussion threads, and submitting required quizzes and assignments. Time management is a key component to success in this type of course. With that in mind, I make the following recommendation.

If you have difficulty managing your own time, or if you require a teacher to constantly remind you what you need to do next, and when you have to do it, I urge you to rethink taking this course. If you are taking this course because you believe it will be less demanding of your time, I highly recommend you rethink taking this class. Simply stated, if you have difficulty being self-motivated, or if you are trying to “slide in another 3 hours that won’t require much effort,” you should consider taking another section of the course. I want you to know that I make the above recommendation with the highest level of sincerity. I want this course to be a rewarding experience for you, not one of disappointment. There will be much to do in the course, so you will have to be on top of the clock at all times.

If the above does not scare you, and I hope it does not, and you are willing to work with the instructor and other classmates, you will increase your probability of success in the course.

What you will find in this course is a variety of pedagogical modalities. I am presenting some of the material using video, some of the material using audio, some of the material will be found on provided web links, and of course, the assigned readings are in the textbooks. What I have tried to do is break the material into smaller chunks to ease consumption and enhance retention. I have also tried my best to break the material into weekly sections that have logical break-points. I understand that some of the breaks may have better positioning than others, so I ask for your patience if you see a mis-placed ‘break.’

As indicated, I believe one of the best ways to succeed in this class, and to more effectively learn and retain information, is to consume topics in smaller chunks, and to be asked questions regarding the material frequently. Another way to succeed in this class, and to stay up-to-date with the material, is to have an idea of what a typical week in this class will entail. Here is how I would approach a time-line for this course.

First, I am structuring the weekly segments to run from Tuesday mornings to the following Monday evenings. Within that overall weekly structure, you should consider the following approach to time management and tasks within this class.

- **Tuesdays:** The Knowledge Peek "quiz" should be taken.
- **Tuesdays through Fridays:** You should read the assigned material.
- **Wednesdays through Fridays:** You should formulate a response to the weekly discussion topics.
- **Thursdays through Mondays:** The weekly goal attainment quiz should be taken.

Granted, the above weekly schedule may be slightly modified, e.g. Semester Breaks, weather disruptions, internet hackings, etc... For the most part, though, if you build-in the above recommended approach to managing your time, you should perform well in the class.

You are always free to email me with questions or comments. To be clear about my frequency of response, though, I expect to view course-communication and progress on average every other day. Although there may be some times I view course content on a daily basis, you should anticipate a slight lag in responses from me when you send correspondence on days of the week that I do not logon to the course. The chat rooms and threaded discussions should be used as frequently as possible. (As a matter of fact, threaded discussions are part of your grade, but more on that a little later in the syllabus.) I will monitor all communication mechanisms and attempt to respond as quickly as possible. eMail should be used for non-course related items that are more of a personal nature, e.g. death in family, or sickness, etc. Course-related questions, especially those associated with course topics, should be posted in either the Virtual Office or Student Lounge forums.

Please use interrogatives when asking questions. I do not respond to statements, only questions. Also, if you ask a question I can answer with a "yes," "no," or "maybe," I will. So, please phrase your questions carefully.

I am here to help. Help me make this an enjoyable, as well as a rewarding educational experience for you.

Syllabus updates and other course communication:

All changes and announcements will be made through the course website. If you do not use your rutgers.edu email domain for your email address, please insure that you forward messages to whatever email address you use. Extra readings may be posted on the course site. Make it a habit to check the course web site on a periodic basis—even if nothing specific is due. Feel free to contact the professor for whatever reason, but use the course site as your main communication tool.

**Course
Grade
Sections
and
Descriptions**

WARNING: ITEMS SUBMITTED OR COMPLETED AFTER DUE DATES RESULT IN A 50% REDUCTION OF YOUR SCORE. PLEASE SUBMIT AND COMPLETE ITEMS ON OR BEFORE THEIR DUE DATES.

PRE-MATERIAL EVALUATIONS (Knowledge Peeks) (5% of Final Grade)
There will be a pre-material evaluation you will have to complete every week on Tuesdays. The purpose of the Knowledge Peek is to give you a glimpse of the topics covered during each weekly segment. You will have to be prepared for the weekly material by reading the appropriate sections in the textbook. The pre-material evaluations also provide a foreshadowing of topics to be covered during the week. You are required to complete the pre-material evaluations before accessing the material assigned for the week. Quizzes are multiple-choice format.

By the way, grading on this section is not determined by the number of questions you answer correctly or incorrectly. Grading in this section is determined by participation, as well as the "late" discount. If you complete the Knowledge Peek prior to its due date, e.g. Tuesdays at 11:59pm, you get full credit. Granted, you should try to understand what the questions are asking, so that you will be prepared to mine the following material for valuable information nuggets, but your grade is determined by participation, and on-time completion.

GOAL ATTAINMENT ASSESSMENT WEEKLY QUIZZES (Post-Quiz) (65% of Final Grade)

There will be weekly quizzes that test your comprehension of the topics covered during the previous week. These quizzes are available after your submission of the Knowledge-Checks, but I suggest you complete the other items (lectures, readings, etc...) before taking the weekly assessments. You are able to take these quizzes any time after they are available, but they are due the following Mondays. Quizzes are multiple-choice format.

CLASS PARTICIPATION/THREADED DISCUSSIONS (15% of Final Grade)
Weekly discussion topics will be posted on the course site for discussion amongst you and your fellow classmates. Although the discussion topics connect to the material at hand, the focus of each topic will be from students' experiences and perspectives. Discussion topics will not be testable directly, but will pertain to testable items. The purpose of the discussions is to encourage an exchange of ideas within a multitude of class interaction. You will be required to contribute to the discussion by posting responses and by also formulating questions that continue the discussion into parallel directions. Fear not, class participation in an asynchronous online offering is measurable.

Note: there are no "correct" responses to the topic questions, but there are invalid responses.

FINAL EXAM (15% of Total)

There will be a comprehensive final exam in this course. The format for the final will be the same as that associated with the goal attainment weekly quizzes.

I REPEAT THE WARNING PRESENTED AT THE BEGINNING OF THIS SECTION: ITEMS SUBMITTED OR COMPLETED AFTER DUE DATES RESULT IN A 50% REDUCTION OF YOUR SCORE. PLEASE SUBMIT AND COMPLETE ITEMS ON OR BEFORE THEIR DUE DATES.

**Assignment
Weights
and
Grading**

Final grades will be calculated based on the performance of the course requirements weighted as follows:

Pre-Material Evaluations (Knowledge Peeks)	5%
Class Participation/Discussion Threads	15%
Goal Attainment Weekly Quizzes	65%
Final Exam	15%

Grades will be assigned according to the total sum of course requirement performance as follows:

90–100%	A
85–89%	B
80–84%	B
75–79%	C
70–74%	C
60-69%	D
Less than 60%	F

Academic Integrity

“Academic integrity requires that all academic work be wholly the product of an identified individual or individuals. Joint efforts are only legitimate when the assistance of others is explicitly acknowledged...The principles of academic integrity entail simple standards of honesty and truth. Each member of the university has a responsibility to uphold the standards of the community and to take action when others violate them...Students are responsible for knowing what the standards are and for adhering to them. Students should also bring any violations of which they are aware to the attention of their instructors.”^[1]

Students are expected to know, understand and adhere to the policies on academic integrity outlined above. Procedures for violation of these policies outlined in the University Code of Academic Conduct will be followed. For more information regarding policies and procedures, see [Rutgers Academic Integrity \(Links to an external site.\)](#)[Links to an external site.](#)

^{[1} [\(Links to an external site.\)](#)[Links to an external site.](#)] Rutgers University Code of Academic Conduct, taken from the Student Advising Handbook.

Course Schedule

For schedule information (including learning activities and due dates), see the [Course Calendar](#) found in Course Home.

For details on learning activities, see the items in each module in the navigation tree on the left.
