

RUTGERS-CAMDEN School of Business

Principles of Finance 52:390:301:02:08245 Spring 2025

Instructor: Professor Vadim Balashov, Ph.D.

E-mail: vadim.balashov@rutgers.edu

Office: BSB-217 (2nd floor)

Office Phone: (856) 225-6706 (please, contact me via e-mail)

Canvas Site: https://rutgers.instructure.com/

Office Hours: Monday/Wednesday - 3:30 PM or by appointment Let me know if you are coming!

Class Meeting Day & Time: Monday/Wednesday – 2:05 PM-3:25 PM **Connect Site:** https://connect.mheducation.com/class/vbalashov-spring-2025-section-02-mw-205-pm

Class Location: CS-109

Course Description:

This course provides an introduction to corporate financial management. The course provides an overview of the problems faced by financial managers in a modern firm. Much of the course will be devoted to the development and application of the analytical tools used by financial managers. While some of the course is theoretical, the emphasis is on practical decision making.

Course Goals

This course is designed to teach students the elements of the time value of money; the valuation of stocks, bonds, and real investment projects; and the risk-return relationship. As the result of this course students should be able to understand how companies invest in real assets and how they raise money to pay for these investments. By the end of the course students are expected to know the existing theories and principals of financial management and be able to apply this knowledge to the main decisions faced by the financial manager.

Student Learning Objectives

This course will cover four important topics in finance. I have listed the basic learning objectives for each topic below.

1. Time Value of Money: The time value of money concepts form the basic building blocks for financial decision making. You should be able to compute present and future values of single and multiple cash flows, know the differences in how interest rates are computed and quoted, and be able to amortize loans.

- 2. *Valuation:* You should know the different features of two major types of financial securities: fixed income securities (bonds) and equity securities (stocks). You should also be able to value both bonds and stocks. While stock valuation can be fairly complicated, you should understand how stock values are determined.
- 3. *Risk and Return:* Virtually all investments that are made by either businesses or individuals are risky, in the sense that the future benefits from these investments are uncertain. You should know how to measure risk, how to diversify risk by forming portfolios, and how returns from investments are related to risk.
- 4. *Capital Budgeting:* Capital budgeting is the process by which firms decide what long-term investments to make. You should be able to compute cash flows from these investments and know how to make financially sound investment decisions in these assets.

Course Materials

<u>Text</u>: Brealey, Myers and Marcus Fundamentals of Corporate Finance Irwin McGraw-Hill, 11th Edition

The material presented in the textbook provides the essential backbone of the course. However, much of the class time will be devoted to activities that flesh out the material presented in the text. For this teaching approach to work, it is necessary that you read all textbook material assigned for a class *before* coming to that class. Reading all assigned material before class, doing all other assigned homework on-time, consulting with the professor immediately when you need help, regular attendance, punctuality, and class participation are strongly recommended actions for the student to excel in this course. Most of the teaching material including lecture notes will be available on Canvas (<u>https://rutgers.instructure.com/</u>) and Connect. *I will not bring extra lecture notes to class, so please, download the lecture notes and review them before coming to class*.

Connect:

McGraw-Hill's Connect is a web-based assignment and assessment solution **required** for this course. The price for students for the eBook+Connect is around \$155. eBook+Connect may be purchased online at <u>https://connect.mheducation.com/class/v-balashov-spring-2025-section-02-mw-205-pm</u>

Please, DO NOT buy the book without Connect!

When you purchase eBook+Connect, you will have the option of ordering a loose-leaf copy of the book at a discounted rate of \$90 extra. To register in Connect, please visit <u>https://connect.mheducation.com/class/v-balashov-spring-2025-section-02-mw-205-pm</u> and click "Register Now." NOTE: You can register in Connect and have access without a code for a limited period (typically two weeks). If you have any issues while registering or using Connect, please contact McGraw-Hill's Customer Experience team through <u>http://www.mhhe.com/support</u> or at 800-331-5094. To avoid problems related to unexpected technical issues, you are advised not to wait until the last moment to complete assignments. Please review your "Connect Student Quick Tips" document for further support.

<u>Calculators and laptops</u>: A financial calculator is a great tool that will facilitate your computations. The designated financial calculator is Hewlett Packard HP 10BII. This is a relatively inexpensive calculator that is widely used. Alternatively, you can install an app for your smartphone that emulates a financial calculator or use free on-line tools that <u>I will provide later in the course</u>. If you choose to use another

financial calculator, please make sure that you know how to use it. I will not bear any responsibility of teaching you how to use it.

Grading

<u>SmartBook Assignments:</u> SmartBook is a digital version of your course textbook. It contains the same content within the textbook, but unlike a typical eBook, SmartBook actively tailors that content to your individual needs as a student. It can be accessed online through your laptop via SmartBook Assignments. SmartBook Assignments are unique to Connect. Throughout the course, you will be assigned 15 SmartBook Assignments. The goal for the assignments is for you to practice and master the learning goals and new concepts. SmartBook Assignments will replace your regular chapter reading (you can still buy and read the paper-based version of the book). The assignments will ask you to read specific parts of a chapter and answer related questions. Questions may be multiple choice and/or computational. When working with SmartBook Assignments, it is okay to get questions wrong. You will still earn full credit if you complete all concepts by the due date. SmartBook Assignments will highlight areas that need more work or require your attention.

<u>Quizzes:</u> Throughout the course, you will have four multiple choice quizzes. Quizzes will be administered through Connect.

<u>Computational Assignments:</u> You will have six computational assignments. Again, all submissions are done through Connect. I will also make an announcement on Canvas that will be specific to each homework. *Late assignments will not be accepted unless a legitimate reason is given*.

<u>Exams</u>: There will be one final and two midterm exams. Exams will be administered through Connect. While the exams are not technically cumulative, you will inevitably see concepts repeated throughout the course. Exams are based on homework problems and lecture notes, and are designed with multiple-choice questions and calculation problems. If you have to miss an exam for a *legitimate* reason, written permission must be obtained and brought to me *prior to the exam unless there is an emergency*. A legitimate reason includes *documented* permission from the undergraduate office or a medical professional.

All assignments are strictly individual. See the statement about Academic Integrity below.

<u>Grading weights</u> will be as follows:

SmartBook Assignments (15 @ 50 pts each):	= 750 points	= 20%
Quizzes (4 @ 60 pts each):	= 240 points	= 6.4%
Computational Assignments (6 @ 60 pts each):	= 360 points	= 9.6%
Midterm 1 Exam (two parts: 400 pts + 350 pts):	= 750 points	= 20%
Midterm 2 Exam (two parts: 200 pts + 550 pts):	= 750 points	= 20%
Final Exam (two parts: 450 pts + 450 pts):	= 900 points	= 24%
Total Possible:	= 3750 points	

90-100%	Α
85-89%	B+
80-84%	В
75-79%	C+
70-74%	С
65-69%	D
Less than 65%	F

Class Attendance

Regular class attendance is essential and expected.

Class attendance will be recorded during each lecture. I usually record attendance **at the beginning** of the lecture, so, please, be on time. Please, use your name placard for attendance. It is students' responsibility to display name placards for attendance purposes. If you are absent while I am taking the attendance because you are late for class, no attendance will be awarded later for that lecture even if you show up before the end of the class time.

There are rewards/penalties for attendance:

Missing 0 lectures or missing lectures with valid excuses only - +1% extra credit to the final grade Missing 1-2 lectures (with no valid excuse) – no penalty Missing 3-4 lectures (with no valid excuse) – 1% deduction off the final grade Missing 5-6 lectures (with no valid excuse) – 2% deduction off the final grade Missing 7-8 lectures (with no valid excuse) – 3% deduction off the final grade Missing 9-10 lectures (with no valid excuse) – 4% deduction off the final grade Missing 11-12 lectures (with no valid excuse) – 5% deduction off the final grade Missing 13-14 lectures (with no valid excuse) – 6% deduction off the final grade Missing 15 lectures or more (with no valid excuse) results in receiving an F.

Valid excuses are doctor notes and family emergencies (funerals and marriages).

Statement about Academic Integrity

The Academic Integrity policy can be found at <u>http://studentconduct.rutgers.edu/student-conduct-processes/academic-integrity/</u>

Students are responsible for understanding the principles of academic integrity and abiding by them in all aspects of their work at the University. Students are also encouraged to help educate fellow students about academic integrity and to bring all alleged violations of academic integrity they encounter to the attention of the appropriate authorities.

Academic Integrity means that you (the student) must:

•properly acknowledge and cite all use of the ideas, results, or words of others,

•properly acknowledge all contributors to a given piece of work,

•make sure that all work submitted as your own in a course activity is your own and not from someone else

•obtain all data or results by ethical means and report them accurately

• treat all other students fairly with no encouragement of academic dishonesty

Adherence to these principles is necessary in order to ensure that:

•everyone is given proper credit for his or her ideas, words, results, and other scholarly accomplishments

•all student work is fairly evaluated and no student has an inappropriate advantage over others •the academic and ethical development of all students is fostered

•the reputation of the University for integrity is maintained and enhanced.

Failure to uphold these principles of academic integrity threatens both the reputation of the University and the value of the degrees awarded to its students. Every member of the University community there-fore bears a responsibility for ensuring that the highest standards of academic integrity are upheld. Violations are taken seriously and will be handled according to University policy.

Code of Student Conduct

Rutgers University-Camden seeks a community that is free from violence, threats, and intimidation; is respectful of the rights, opportunities, and welfare of students, faculty, staff, and guests of the University; and does not threaten the physical or mental health or safety of members of the University community, including in classroom space.

As a student at the University you are expected adhere to the Code of Student Conduct.

To review the code, go to: https://deanofstudents.camden.rutgers.edu/student-conduct .

Note that the conduct code specifically addresses disruptive classroom conduct, which means "engaging in behavior that substantially or repeatedly interrupts either the instructor's ability to teach or student learning. The classroom extends to any setting where a student is engaged in work toward academic credit or satisfaction of program-based requirements or related activities."

Learning Disabilities

The University is committed to supporting the learning of all students and faculty will provide accommodations as indicated in a Letter of Accommodation issued by the Office of Disability Services (ODS). If you have already registered with ODS and have your letter of accommodations, please share this with me early in the course. If you have or think you have a disability (learning, sensory, physical, chronic health, mental health or attentional), please contact <u>https://success.camden.rutgers.edu/disability-services</u>.

Accommodations will be provided only for students with a letter of accommodation from ODS. Their services are free and confidential. Letters only provide information about the accommodation, not about the disability or diagnosis.

At the beginning of the semester, please provide me with a copy of your approved ODS accommodation form. I am committed to working with the Camden campus Disability Coordinator to ensure that I provide you with all approved accommodations.

<u>PLEASE NOTE:</u> For students with any type of accommodation, please, provide me with the signed notice from Tim Pure at least <u>three</u> days before the exam.

Tentative Class Schedule

The following class schedule reflects my best estimate of the time required to cover each topic. However, I reserve the right to make any necessary changes to the schedule as the semester progresses. Please note the dates of exams. All chapter references are to the textbook by Brealey, Myers and Marcus.

No.	Date	Material Covered in Class
1	Week 01	Introduction, Chapter 1 – Goals and Governance of the Corporation
2	Week 01	Chapter 1 – Goals and Governance of the Corporation
3	Week 02	Chapter 1 – Goals and Governance of the Corporation
4	Week 02	Chapter 2 – Financial Markets and Institutions
5	Week 03	Chapter 3 – Accounting & Finance
6	Week 03	Chapter 4 – Measuring Corporate Performance
7	Week 04	Chapter 4 – Measuring Corporate Performance
8	Week 04	Midterm Exam 1: Chapters 1, 2, 3, 4
9	Week 05	Chapter 5 – The Time Value of Money
10	Week 05	Chapter 5 – The Time Value of Money
11	Week 06	Chapter 5 – The Time Value of Money
12	Week 06	Chapter 6 – Valuing Bonds
13	Week 07	Chapter 6 – Valuing Bonds
14	Week 07	Chapter 7 - Valuing Stocks
15	Week 08	Chapter 7 – Valuing Stocks
16	Week 08	Chapter 8 - Net Present Value and Other Investment Criteria
	Week 09	NO CLASS, SPRING RECESS
	Week 09	NO CLASS, SPRING RECESS
17	Week 10	Chapter 8 - Net Present Value and Other Investment Criteria
18	Week 10	Midterm Exam 2: Chapters 5, 6, 7, 8
19	Week 11	Chapter 9 - Using Discounted Cash Flows to Make Investment Decisions
20	Week 11	Chapter 9 - Using Discounted Cash Flows to Make Investment Decisions
21	Week 12	Chapter 10 - Project Analysis
22	Week 12	Chapter 11 – Risk, Return, and the Opportunity Cost of Capital
23	Week 13	Chapter 11 - Risk, Return, and the Opportunity Cost of Capital
24	Week 14	Chapter 12 – Risk, Return, and Capital Budgeting
26	Week 14	Chapter 13 – The Weighted-Average Cost of Capital and Company Valuation
27	Week 15	Chapter 13 - The Weighted-Average Cost of Capital and Company Valuation
28	Week 15	Final Exam: Chapters 9, 10, 11, 12, 13