FINA 3001: Finance Fundamentals
Spring 2007, CSOM 2-213
Mon., Wed. 12:45 P.M. - 2:00 P.M.

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Office hours: Thursday 4:00-5:30pm or by appointment

Text: Brealy, Myers & Marcus, *Fundamentals of Corporate Finance*, **fifth edition**

Course Content: We will cover Chapters 1-14, 17, and 18. A tentative course outline is enclosed.

Course Overview: This course explores the basic principles of finance and financial management and applies them to the main decisions faced by the financial manager. Among the topics addressed are: value maximization and the finance model of the firm, the basics of financial markets and securities, time value of money, risk and return, and evaluating investment projects. The course will provide an analytical framework that can be consistently applied to evaluate financial decisions.

Students must own a hand-held calculator with basic financial and exponential functions. There are many available for less than $40. I suggest the HP-10BII or the TI BA-II Plus. There are many other calculators that will meet these requirements. Your calculator must be capable of calculating NPV (net present value) or IRR (internal rate of return) for an uneven set of cash flows. This is commonly referred to as Cash Flow Analysis. Also, each student must have access to a PC with spreadsheet software as many of the problems and concepts lend themselves to spreadsheet analysis.

Course webpage: I will establish a course web page on the Internet. It can be accessed through WebCT/Vista at:

	http://vista.umn.edu
Or	**http://myu.umn.edu**

You will need to enter your UM internet ID and password to access the course material.

Always check the WebCT/Vista Page before class. This site will include PowerPoint files of the course lecture notes, homework assignments, any external web links, and relevant updates about the class including any changes in assignments or exams. You may be able to read these the files on this site directly with your browser, however it works best to save the file first, then open it using the application. I recommend you print the lecture notes using a format of three slides to a page. You will be responsible for bringing the relevant course notes to each lecture.

If a file or link is not operational, let me know via email ASAP so I can correct the link. If you have any other problems using WebCT/Vista don't call me, call the help desk for the Carlson School Office of Information Technology at 612-625-5550.

Prerequisites: The course assumes that you have completed introductory courses in basic algebra, accounting, microeconomics, and statistics. If you have not taken these courses you may find the concepts introduced in this course difficult.

Homework Assignments: We will cover a significant amount of material each week. It is important that you keep current with the material. Therefore, homework from the text will be

assigned weekly and graded selectively. The homework assignments will be available on course webpage and due on <u>each Monday</u>. Late homework will not be graded and only gets half of the total points. The solutions will be put up immediately after the due date.

Exams: There will be two one hour and 15 minutes midterm exams and a two-hour comprehensive Final exam. The second midterm will focus on the material covered in class since the first midterm. The final exam will be cumulative. The midterms as well as the final exam will be <u>closed-book</u> exams. Calculators will be required, and I will provide a limited crib sheet containing the basic formulas.

Grading Policy and Guidelines: Grading will be based on a combination of the following:

Homework	10%
First Midterm	27.5%
Second Midterm	27.5%
Final Exam	35%

Grade Definitions: (plus or minus will be assigned additional to letter grade when applicable)
A -- achievement that is outstanding relative to the level necessary to meet course requirements.
B -- achievement that is significantly above the level necessary to meet course requirements.
C -- achievement that meets the course requirements in every respect.
D -- achievement that is worthy of credit even though it fails to meet fully the course requirements.
S -- achievement that is satisfactory, which is equivalent to a C- or better.
F (or N) -- Represents failure (or no credit) and signifies that the work was either (1) completed but at a level of achievement that is not worthy of credit or (2) was not completed and there was no agreement between the instructor and the student that the student would be awarded an I (see also I)
I -- (Incomplete) Assigned at the discretion of the instructor when, due to extraordinary circumstances, e.g., hospitalization, a student is prevented from completing the work of the course on time. **Requires a written agreement between instructor and student.**

Grades will be assigned based on a curve modified for overall section performance. It is expected that the median grade in this course will be a B.

Workload Expectations: For undergraduate courses, one credit is defined as equivalent to an average of three hours of learning effort per week (over a full semester) necessary for an average student with a full understanding of the prerequisites to achieve an average grade in the course. Therefore you should, on average, expect to spend an additional six hours a week on coursework outside the classroom.

Contacting me outside of class: If you need to contact me, I strongly urge you to use the email address listed on the previous page. I will check my email messages daily and you can be sure I will receive your message this way. Otherwise feel free to stop by my office 4-267CSOM during office hours.

Scholastic Conduct: You are allowed to discuss homework assignments with other students. During the exam, you must do your own work. Students suspected of cheating will be reported to the Scholastic Conduct Committee for appropriate action.

FINA 3001 Section 003
Spring Semester 2007

Tentative Course Outline

	Topics Covered	Readings
01/17	Brief Overview of Financial Basics	Chapter 1
01/22-01/31	Brief Overview of Financial Basics Time Value of Money	Chapter 2 Chapter 4
02/05-02/07	Valuation of Bonds and Valuing Stocks	Chapter 5 & 6
02/12-02/14	Valuing Stocks and Net Present Value	Chapter 6 & 7
02/19-02/21	Midterm I and Discussing Midterm	
02/26-02/28	Net Present Value	Chapter 7
03/05-03/07	Accounting Review and DCF Analysis	Chapter 3 & 8
03/12-03/16	Spring Break	
03/19-03/21	DCF Analysis and Project Analysis	Chapter 8 & 9
03/22-03/30	Risk and Return; Capital Budgeting	Chapter 10 & 11
04/02-04/04	Midterm II and Discussing Midterm II	
04/09-04/11	WACC	Chapter 12
04/16-04/18	WACC and Financial Statement Analysis	Chapter 12 & 17
04/23-04/25	Financial Planning & Securities Issuance	Chapter 18 & 13
04/30-05/02	Securities Issuance and Review	Chapter 14

Final Exam: 08:00am-10:00am Thursday, May 10