INSTRUCTOR: Hao-Chen Liu, Ph.D.

OFFICE/PHONE/EMAIL: J.C. LONG 307 / 843-953-1988 / liuh@cofc.edu

CLASSROOM & TIME:
(1) Section 08: Tate 133, 9:25 to 10:40 a.m., Tuesdays and Thursdays
(2) Section 09: Tate 133, 8:00 to 9:15 a.m., Tuesdays and Thursdays

OFFICE HOURS:
Zoom online office (Link will be posted on Oaks)
• Mondays and Wednesdays: 10 a.m. to 12 p.m.
• By appointments

Course Description
This course presents the fundamental concepts of corporate finance. Special attention will be given to the financial administrator’s role in the area of working capital, capital budgeting, and financing decisions, including international investment and financial considerations.

Recommended Textbooks
“Elements of Finance” by Thomas Downs. You may access the textbook in 2 ways.
(2) Hard copy can be purchased at lulu.com

Suggested Readings
• Wall Street Journal
• GMAG/Barron’s
Thanks to the support of New York-based wealth management firm GM Advisory Group, students at the College of Charleston School of Business now have access to Barron's digital magazine. Barron's, published by Dow Jones & Co., has been relied on by professionals and investors as the leading source for business news and financial market insights. We will be using this resource to connect real-world analysis with textbook theory. Please register to gain instant access with your @g.cofc.edu email address by visiting https://partner.barrons.com/p/p_bie/enter-redemption-code/COCBw2rj3pdd. After registering, you can log in directly by visiting Barrons.com.

Required Material
Financial calculator: Texas Instruments BAII Plus (TI BAII Plus)

Prerequisites
Junior standing; ACCT 203, 204, ECON 200, 201, MATH 104 or 250, DSCI 232 suggested.

**The SB Learning Goals:**

- **COMMUNICATION SKILLS:** Students demonstrate the ability, via both written and spoken word, to effectively present, critique, and defend ideas in a cogent, persuasive manner.
- **QUANTITATIVE FLUENCY:** Students demonstrate competency in logical reasoning and data analysis skills.
- **GLOBAL AND CIVIC RESPONSIBILITY:** Students identify and define social, ethical, environmental and economic challenges at local, national and international levels. Students integrate knowledge and skills in addressing these issues.
- **INTELLECTUAL INNOVATION AND CREATIVITY:** Students demonstrate their resourcefulness and originality in addressing extemporaneous problems.
- **SYNTHESIS:** Students demonstrate the ability to integrate knowledge from multiple disciplines incorporating learning from both classroom and non-classroom settings in the completion of complex and comprehensive tasks.

**Learning Goals**

The goals of this course are for you to learn financial concepts and tools so that you may use finance to analyze financial issues and make financial decisions. You will possess quantitative skills, be aware of important ethical issues in finance, and know the following when you finish this course:

1. To know the goal of financial management and the basic decisions made by financial managers.
2. To analyze financial statements and cash flows
3. To use discounted cash flows for stock and bond valuation
4. To use alternative methods for making capital budgeting decisions
5. To calculate risk and return of investment and create a diversified portfolio
6. To estimate company’s cost of capital

**Calculator & Rounding Policy**

You will need a financial calculator to succeed in this course. I highly recommend the Texas Instruments BAII Plus (TI BAII Plus) (this is different from their BAII). In class, I will use and teach you to use TI BAII Plus.

If you are using a BAII Plus, turn on your calculator and do the following:

1. Set the display to show 4 places to the right of the decimal point
2. Hit the gray <2nd> key; hit the “decimal point” key (it says “format” above the key)
3. Hit the number “4” and push the <ENTER> key

Now set the machine to follow standard “Algebraic Operating System” rules so that it does multiplication and division before it does addition and subtraction.
(3) after completion of step 2, hit the down arrow key (it says INS above this key) until the display shows “Chn” or “AOS”.
(4) If it says “Chn”, then hit the gray <2<sup>nd</sup> key and push the <ENTER> key. The display now should show “AOS”.
(5) If it says “AOS”, then hit the gray <2<sup>nd</sup> key; hit the key right above it called CPT (it says “QUIT” above the key)

The above settings remain even if you turn off the calculator. If your battery dies or is replaced, however, you’ll need to re-do the steps.

Rounding numbers: Realize that because of differences in rounding policies it is extremely likely that any two solutions will be slightly different; say for a problem involving tens of thousands of dollars and several interest rates one student obtains an answer of $324 whereas another gets $319. With any reasonable rounding policy, however, any reasonably correct answer will lie within a 1% or 2% range (the difference between $324 and $319 is 1.02%). Answers on the multiple choice exams usually are a minimum 10% apart. So reasonable rounding policies should not cause one to get a problem wrong.

Here is the rounding policy that I use. For rates, carry four-digits to the right of the decimal. For example, I would use 0.0102 in my calculator for problems in which an intermediate step is 1.02%. For dollars, I usually round to the whole dollar when the amounts exceed $100; round to the penny for amounts less than $100.

**Grade Determination**

Your Overall Performance Score computes with these weights:

<table>
<thead>
<tr>
<th>Component</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exam 1</td>
<td>18%</td>
</tr>
<tr>
<td>Exam 2</td>
<td>18%</td>
</tr>
<tr>
<td>Exam 3</td>
<td>18%</td>
</tr>
<tr>
<td>Comprehensive Final Exam</td>
<td>25%</td>
</tr>
<tr>
<td>Quiz average</td>
<td>15%</td>
</tr>
<tr>
<td><strong>Wildcard for best all-around performance</strong></td>
<td>6%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100%</td>
</tr>
</tbody>
</table>

The Overall Performance Score computes with this letter grade distribution:

- \( 92.0 \leq \text{average} \Rightarrow A \)
- \( 72.0 \leq \text{average} < 77.0 \Rightarrow C \)
- \( 89.5 \leq \text{average} < 92.0 \Rightarrow A- \)
- \( 69.5 \leq \text{average} < 72.0 \Rightarrow C- \)
- \( 87.0 \leq \text{average} < 89.5 \Rightarrow B+ \)
- \( 67.0 \leq \text{average} < 69.5 \Rightarrow D+ \)
- \( 82.0 \leq \text{average} < 87.0 \Rightarrow B \)
- \( 62.0 \leq \text{average} < 67.0 \Rightarrow D \)
- \( 79.5 \leq \text{average} < 82.0 \Rightarrow B- \)
- \( 59.5 \leq \text{average} < 62.0 \Rightarrow D- \)
- \( 77.0 \leq \text{average} < 79.5 \Rightarrow C+ \)
- \( \text{average} < 59.5 \Rightarrow F \)

**Exam and Quiz Policies:**

(1) Quiz
• Quiz will be given on regular basis. Next class's quiz question will be announced at the end of the class.

• Students missing a quiz for any reason whatsoever receive a zero on that quiz – there are no excused absences because we employ a no-fault attendance policy. No make-up quizzes will be given.

• No formula will be provided for quiz question. You must show complete work including the right formula to receive full credit.

• Two quizzes will be dropped at the end of the semester.

(2) Exam

• Exams will be given in class.

• Each of exams 1, 2 and 3 consists of 2 parts. Part I includes numerical problems in multiple choice format. Part II includes short answers, filling the blank, true/false, and simple calculation questions.

• Final exam is in multiple choice format and consists of both numerical and verbal problems.

• Some of the questions will be selected from a list of Common Questions distributed for each exam. These questions are from the textbook and class discussions. The Common Questions appearing on the test will have different numbers than the ones in the book. The remaining multiple-choice questions might cover any aspect of the class material.

• Exams are administered in-class and therefore time conflicts should not occur. If extenuating circumstances cause you to miss an exam then you, or your designee, must contact me by the end of the exam day. If no contact is made then your exam grade automatically is "F" (zero). If you make contact as specified above and I determine the reason for missing the exam is deemed valid, then the weight of the missed exam will be added to that of the final exam.

• At the end of semester, you may use your final exam as a replacement for the lowest scored exam of exams 1, 2, and 3. However, if you miss an exam/exams, final exam will be used to replace your missed exam(s) only.

• A formula sheet is provided during each exam; you may NOT bring your own. The formula sheet for each exam is the same as the one attached to the Common Questions distributed for each exam.

(3) Exam and quiz appeal:

To appeal your grade on a quiz or exam, contact me within 3 class days of the general return of the quiz/exam. Your grades on assessments prior to the final should be discussed before you take the final. After the final exam, the only issue on the table for discussion is the final exam itself.

Other Important Issues

(1) Attendance Policy:
This is an in-person class, your in-person attendance is required. You should NOT assume to attend the class online for all, most or even part of the semester. If you have significant health concerns regarding COVID, please let me know and I will accommodate you as feasible.

(2) Mask Policy:

All students need to wear masks properly in the classroom.

(3) Email policy:

I will respond only to emails sent through student email accounts (i.e., cofc account). On the email subject line, put “FINC-303”. Email received after 3 p.m. will not be replied until next working day (i.e., Monday to Friday). If you do not receive my reply by the next working day, please send it again.

(4) Announcement:

It is your responsibility to check with your fellow students and/or me on any announcements made in class or on Oaks if you miss the class.

(5) Cell phone:

Please silent all cell phones or any communication devise when class/exam is in session. If you have any special need which requires using electronic devices during class/exam, please let me know.

(6) OAKS:

OAKS, including Gradebook, will be used for this course throughout the semester to provide the syllabus and class materials and grades for each assignment, which will be regularly posted.

(7) Center for Student Learning:

Many resources (tutoring, coaching, study skills workshops, etc.) are available to you through the Center for Student Learning (http://csl.cofc.edu)

(8) Disability/Access:

This College abides by section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act. If you have a documented disability that may have some impact on your work in this class and for which you may require accommodations, please contact an administrator at the Center of Disability Services/SNAP, 843.953.1431 or me so that such accommodation may be arranged. http://disabilityservices.cofc.edu/

(10) Inclement Weather, Pandemic or Substantial Interruption of Instruction:

If in-person classes are suspended, faculty will announce to their students a detailed plan for a change in modality to ensure the continuity of learning. All students must have access to a computer equipped with a web camera, microphone, and Internet access. Resources are available to provide students with these essential tools.

Important Dates
Exam dates:

Exam 1: Thursday, February 3
Exam 2: Thursday, March 17
Exam 3: Thursday, April 14
Comprehensive Final:
(a) Section 08: Saturday, April 30, 10:30 a.m. to 12:30 p.m.
(b) Section 09: Thursday, April 28, 8 to 10 a.m.

Last day to Drop/Add: Tuesday, January 18
Attendance verification: Wednesday, January 26
Spring Break (No class): Monday to Friday, March 7-11
Last day to withdraw with a “W”: Friday, March 25
Last class (FINC-303): Thursday, April 21

**Brief List of Topics (chapter coverage is subject to change)**

<table>
<thead>
<tr>
<th>Chapter Description</th>
<th>Chapter 1</th>
<th>Introduction to the study of finance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chapter 2</td>
<td>Financial fundamentals of accounting</td>
<td></td>
</tr>
<tr>
<td>Chapter 3</td>
<td>Accounting for growth</td>
<td></td>
</tr>
</tbody>
</table>

EXAM 1

| Chapter 4 | Time value and relations between returns |
| Chapter 5 | Future and present values of annuities |
| Chapter 6 | Time value application 1: Capital budgeting |

EXAM 2

| Chapter 7 | Time value application 2: Bond valuation |
| Chapter 8 | Time value application 3: Stock valuation |
| Chapter 10 | Measuring risk, return, and diversification benefits |
| Chapter 11 | Determination of equilibrium returns |

EXAM 3

COMPREHENSIVE FINAL

**College of Charleston Honor Code and Academic Integrity**

“Lying, cheating, attempted cheating, and plagiarism are violations of our Honor Code that, when suspected, are investigated. Each incident will be examined to determine the degree of deception involved.”
Incidents where the instructor determines the student’s actions are related more to misunderstanding and confusion will be handled by the instructor. The instructor designs an intervention or assigns a grade reduction to help prevent the student from repeating the error. The response is recorded on a form and signed both by the instructor and the student. It is forwarded to the Office of the Dean of Students and placed in the student’s file.

Cases of suspected academic dishonesty will be reported directly by the instructor and/or others having knowledge of the incident to the Dean of Students. A student found responsible by the Honor Board for academic dishonesty will receive a XXF in the course, indicating failure of the course due to academic dishonesty. This status indicator will appear on the student’s transcript for two years after which the student may petition for the XX to be expunged. The F is permanent.

Students can find the complete Honor Code and all related processes in the Student Handbook at: http://deanofstudents.cofc.edu/honor-system/studenthandbook/