Course Syllabus  
FINANCE 330  
Introduction to Finance  
Spring 2014  

Professor: Ted Pilger  
Office: Room 126 Rehn Hall  
Office Phone: 453-2459  
E-Mail: tpilger@business.siu.edu  
In-Office Hours: Tuesday and Thursday 11:00 a.m. - 12:30 p.m.  
Appt. Office Hrs.: Appointments can be made by contacting the professor.

Purpose of the Course: The purpose of the course is to survey the field of corporate finance.

Textbook: The FIN 330 Custom Textbook is a required reading for this class. The textbook was created explicitly for this course and can be purchased at the Finance Department. The textbook is updated each semester so make sure to purchase the most recent edition.

Calculator: You are required to purchase a financial calculator for the course and to teach yourself how to use it. I will be using the HP 10-BII+ financial calculator in class. Therefore, I STRONGLY SUGGEST you purchase the HP 10-BII+ financial calculator so you can follow my instructions on how to use it in class. You can purchase this calculator at the bookstore or at stores such as Staples. Note that not all financial calculators are the same; the methods used for calculating various statistics will differ depending on the brand of the calculator that you purchase. The HP10-BII+ is the only calculator that I use and I will not be able to help students with any other financial calculator.

Course Objectives: After completion of the course, students will understand (at an introductory level) risk and return relationships, domestic securities markets, time value of money, security valuation, capital budgeting, and working capital management. In addition, they will be able to perform basic analyses of financial statements, solve simple time value of money problems, value traditional debt and equity securities, estimate costs of long and short term capital components, and analyze projects using capital budgeting techniques.

Work Requirements: Prerequisites for this class are (1) completion of ACCT 230 with a minimum grade of a “D”, (2) completion of ECON 240 with a minimum grade of a “D”, (3) completion of either ACCT 208 or MGMT 208 with a minimum grade of a “D”, (4) completion of MATH 139 and MATH 140 with a minimum grade of a “D” in both courses, and (5) junior standing. A strong background in the prerequisite courses in statistics, accounting, and algebra is essential for this course. The course is very rigorous; plan on spending a minimum of 6 hours per week outside of class studying for this course. Also, make sure to read the text prior to each class.
WARNINGS: 1) There is no way you can do well in the class without working problems on your own as we cover the material in class. I have provided a list of suggested problems at the end of the syllabus. You do not have to turn in your answers and detailed solutions to these problems are provided at the end of each chapter. However, I STRONGLY SUGGEST that you go over these problems. Waiting until the week before an exam to start working on these problems is an almost certain road to a failing grade.

2) Don’t get behind and plan on raising your grade substantially by “acing” the final. In the past, most students have found the final to be just as difficult as the regular exams.

3) The exams will not emphasize how well you have memorized solutions to the problems you have seen, but rather how well you understand and apply general principles to new situations. It is important to keep this in mind as you study for quizzes and exams.

Help Sessions: There will be problem-solving study sessions for all sections of Finance 330 held each Tuesday from 6:00 p.m. to 8:00 p.m. in Rehn 12. The instructor of these sessions will work problems from the textbook and is available to help with any other questions. Some problems covered may appear on tests and quizzes. Many students have found these sessions to be extremely helpful and attendance at these help sessions is strongly recommended, but strictly voluntary.

Exams: All Finance 330 sections will take common exams. These exams will be held from 6:30 p.m. to 8:30 p.m. on the exam nights listed below. The only excuse for not taking your exams at these times is to have a class that meets at this time. If you have a class that conflicts with the exam make sure to contact me immediately. If you work, please make arrangements to be off of work on exam nights.

<table>
<thead>
<tr>
<th>Exam Dates</th>
<th>Chapters Covered</th>
<th>Place</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wednesday, February 12</td>
<td>1, 2, 3, 4</td>
<td>Lawson 171</td>
</tr>
<tr>
<td>Wednesday, March 26</td>
<td>5, 6, 7, 8</td>
<td>Lawson 171</td>
</tr>
<tr>
<td>Finals Week (TBA)</td>
<td>9, 10, 11, 12, 13</td>
<td>TBA</td>
</tr>
</tbody>
</table>

Missing an Exam: There will be no make-up exams given except as required by university policy. Instead, students missing one of the first two exams will be required to take a comprehensive exam the week before finals week (in addition to Exam III). You must notify me before the start of either exam (in writing) of your intent to miss an exam, and this request must be approved by the instructor.

Quizzes: In addition to the common exams, there will be 5 quizzes. In calculating the quiz portion of the overall grade, your lowest quiz grades will be dropped, and the average score will be computed using the remaining 4 quiz grades. Quizzes can be announced or unannounced at the discretion of the instructor. Since the lowest grade on quizzes is dropped, a make-up quiz will not be given to anyone for any reason.

Cell Phones: All electronic equipment, (e.g. cell phones, iPods) except financial calculators, must be turned off and put away during class and especially during exams.
Grades: Your overall course grade is calculated based on the following components:

<table>
<thead>
<tr>
<th>Points</th>
<th>Exam I</th>
<th>Exam II</th>
<th>Exam III</th>
<th>Average Quiz Score</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>100</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>400*</td>
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</table>

*Note that there are no extra credit assignments or points available.

To receive this grade You must earn
A  360 – 400 points
B  320 – 359 points
C  280 – 319 points
D  240 – 279 points
F  0 – 239 points

Office Visits: Any subject of discussion is permissible during office visits with two exceptions: (1) If you miss a class, I will not answer questions about material covered that day – you are on your own. (2) I will not discuss forthcoming exams in the office or outside of class. All students will have the same information concerning exams, so make sure to ask questions concerning forthcoming exams in class.

Academic Dishonesty: Students found guilty of committing acts of academic dishonesty will receive at least an “F” in the course and possible suspension from SIUC. Examples of academic dishonesty include, but are not limited to: obtaining exams illegally, possession of exams from previous semesters that have not been released by the department, plagiarism, talking to others during an exam, using unauthorized “cheat-sheets” on exams and looking at others’ exam papers.

Emergency Procedures (instructions have been provided by SIUC)

Southern Illinois University Carbondale is committed to providing a safe and healthy environment for study and work. Because some health and safety circumstances are beyond our control, we ask that you become familiar with the SIUC Emergency Response Plan and Building Emergency Response Team (BERT) program. Emergency response information is available on posters in buildings on campus, available on the BERT’s website at www.bert.siu.edu, Department of Public Safety’s website www.dps.siu.edu (disaster drop down) and the Emergency Response Guidelines pamphlet. Know how to respond to each type of emergency.

Instructors will provide guidance and direction to students in the classroom in the event of an emergency affecting your location. It is important that you follow these instructions and stay with your instructor during an evacuation or sheltering emergency. The Building Emergency Response Team will provide assistance to your instructor in evacuating the building or sheltering within the facility.
Class Schedule

The following is a tentative list of topics to be covered and is subject to change.

<table>
<thead>
<tr>
<th>Week of</th>
<th>Topics Covered</th>
<th>Chapters</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>Introduction to Corporate Financial Management</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>The Analysis of Financial Statements</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Time Value of Money (TVM)</td>
<td>3</td>
</tr>
<tr>
<td>February</td>
<td>TVM II: Payments, Cash Flows, and Compounding Effects</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Review and Catch-up</td>
<td></td>
</tr>
<tr>
<td></td>
<td>*** Exam Wednesday, February 12 ***</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Bonds</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Stocks</td>
<td>6</td>
</tr>
<tr>
<td>March</td>
<td>Risk and Return</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td><em><strong>SPRING BREAK</strong></em></td>
<td></td>
</tr>
<tr>
<td></td>
<td>The Cost of Capital</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>Review and Catch-up</td>
<td></td>
</tr>
<tr>
<td></td>
<td>*** Exam Wednesday, March 26 ***</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Capital Budgeting I: Capital Budgeting Methods</td>
<td>9</td>
</tr>
<tr>
<td>April</td>
<td>Capital Budgeting II: NPV Profiles and using the IRR</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>Short-Term Financial Policy</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>Working Capital Management</td>
<td>13</td>
</tr>
<tr>
<td>May</td>
<td>Finals Week – Final Exam</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Date, time, and location of final exam to be announced)</td>
<td></td>
</tr>
</tbody>
</table>

* Martin Luther King, Jr.’s Holiday, January 21

Please go to [http://pvcaa.siu.edu/_common/documents/Syllabus_Attachment.pdf](http://pvcaa.siu.edu/_common/documents/Syllabus_Attachment.pdf) for other very important information that pertains to all SIU courses.
Suggested Problems

Please note that detailed solutions to all suggested problems are provided at the end of each chapter in the textbook. You do not have to turn in your answers, however it is strongly suggested that you go over these problems as we cover the chapter content in class.

<table>
<thead>
<tr>
<th>Week of</th>
<th>Chapter</th>
<th>Class/Chapter Description</th>
<th>Suggested Problems</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 13</td>
<td>1</td>
<td>Introduction to Corporate Financial Management</td>
<td>1-13</td>
</tr>
<tr>
<td>January 20</td>
<td>2</td>
<td>The Analysis of Financial Statements</td>
<td>4, 6-8, 10, 13-16, 17-45</td>
</tr>
<tr>
<td>January 27</td>
<td>3</td>
<td>Time Value of Money (TVM)</td>
<td>2-10, 14-17</td>
</tr>
<tr>
<td>February 3</td>
<td>4</td>
<td>TVM II: Payments, Cash Flows, and Compounding Effects</td>
<td>1, 2, 5, 6, 8, 11-12</td>
</tr>
<tr>
<td>February 10</td>
<td></td>
<td>Review and Catch-up (Exam Wednesday, February 12 - see syllabus for more information)</td>
<td></td>
</tr>
<tr>
<td>February 17</td>
<td>5</td>
<td>Bonds</td>
<td>1-8, 10-15, 17-20, 22, 23</td>
</tr>
<tr>
<td>February 24</td>
<td>6</td>
<td>Stocks</td>
<td>1, 4-11</td>
</tr>
<tr>
<td>March 3</td>
<td>7</td>
<td>Risk and Return</td>
<td>1-7, 9, 10, 12-16</td>
</tr>
<tr>
<td>March 10</td>
<td></td>
<td><strong>SPRING BREAK</strong></td>
<td></td>
</tr>
<tr>
<td>March 17</td>
<td>8</td>
<td>The Cost of Capital</td>
<td>2-15</td>
</tr>
<tr>
<td>March 24</td>
<td></td>
<td>Review and Catch-up (Exam Wednesday, March 26 - see syllabus for more information)</td>
<td></td>
</tr>
<tr>
<td>March 31</td>
<td>9</td>
<td>Capital Budgeting I: Capital Budgeting Methods</td>
<td>1-3, 5-7, 10-23</td>
</tr>
<tr>
<td>April 7</td>
<td>10</td>
<td>Capital Budgeting II: NPV Profiles and using the IRR</td>
<td>1-6, 11-17</td>
</tr>
<tr>
<td>April 14</td>
<td>11</td>
<td>Capital Budgeting III: Estimating Cash Flows</td>
<td>1, 4-11, 18-23</td>
</tr>
<tr>
<td>April 21</td>
<td>12</td>
<td>Short-term Financial Policy</td>
<td>1-16, 19-23</td>
</tr>
<tr>
<td>April 28</td>
<td>13</td>
<td>Working Capital Management</td>
<td>1, 3, 4, 10, 16, 23, 25, 26</td>
</tr>
<tr>
<td>May 5</td>
<td></td>
<td>Finals Week - Final Exam date, time, and location to be announced</td>
<td></td>
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