

BU 310 Syllabus
Business Finance
Summer 2022

Instructor: Tim Murray, PhD
Office: 227 Scott Shipp Hall

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Office Hours: By appointment

Required Material

- Access to Microsoft Excel
- Graphing or financial calculator

Textbook

Jeffrey S. Smith. “[Introduction to Business Finance: Techniques & Tools.](#)” Version 4.1

Prerequisites

BU 210 and EC 203 with a C or better

Course Description

This course places emphasis on the financial decision making of small-businesses. We will make use of lectures to learn general principals of finance that can be applied to any small business. We will use current events, sports, and pop-culture to relate topics to the real world.

The topics covered in this course will include:

- Interpreting the financial statements and calculating various financial ratios
- The Time Value of Money
- Portfolio Analysis
- Choosing an appropriate capital structure for a firm
- Various techniques of capital budgeting
- Inflation and risk in budgeting decisions
- Estimating the market value of an ongoing business
- Bankruptcy and reorganization
- The cost of capital

By the end of the course you will have a better understanding of how managers make decisions. This course will teach you to ask say “We should invest in X because of the following metrics. . .” as oppose to “We should invest in X because I think. . .”

Grading and Assignments

| | |
|-------------------|------------|
| Homework | 20% |
| Excel Assignments | 10% |
| 3 Midterm Exams | 13.3% each |
| Final Exam | 30% |

Grading Scale

| | | | | | | | | | |
|----------|--------|----------|-------|----------|-------|----------|-------|----------|------|
| A | 90-100 | B | 80-89 | C | 70-79 | D | 60-69 | F | 0-59 |
|----------|--------|----------|-------|----------|-------|----------|-------|----------|------|

Homework Assignments

Due to the condensed nature of a summer course, multiple homework assignments will be assigned each week throughout the course. Assignment due dates will be posted on Canvas, late assignments will receive a 50% reduction in points. Homework will be a large part of how you learn in this class. You are welcome to work on the homework in groups. Solutions to the homework assignments will be posted to Canvas after the due date. The lowest homework grade will be dropped. Homework will be submitted on Canvas as a PDF prior to the start of class.

Excel Assignments

There will be two Microsoft Excel assignments, one covering statistics and the other finance. Late Excel assignments will not be accepted.

Exams

There will be three midterm exams and a comprehensive final exam. Midterm exam dates will be announced in class and on Canvas. For each exam, you will be provided with the necessary formulas. The point of this class and the exams is not to test your memorization ability, you will always have Google, books, and the internet at your disposal while working. Exams are designed to test your ability to apply the correct metric to a problem and be able to know how to solve a problem, not regurgitate a formula you spend the night before trying to memorize.

Students requesting an alternative time must inform me prior to the exam.

Course Topics

The following is a tentative list of concepts and topics that will be discussed throughout the course. Any changes be announced on Canvas.

| Topic | Textbook |
|---|------------------|
| Introduction to Financial Management | Chapter 1 |
| Financial Markets, Institutions, and Securities | Chapter 2 |
| The Time Value of Money | Chapter 3 |
| Interest Rates | Chapter 4 |
| Bonds and Bond Valuation | Chapters 5 |
| Exam 1 (June 1) | |
| Financial Statements and Cash Flow | Appendix C |
| Analysis of Financial Statements | Chapter 6 |
| Stock Valuation | Chapter 7 |
| Bankruptcy and Reorganization | |
| Exam 2 (June 10) | |
| Risk and Return | Chapter 8 |
| Portfolios, Diversification, and Efficiency | Chapter 9 |
| Cost of Capital | Chapter 10 |
| Capital Budgeting and Cash Flows | Chapter 12 |
| Risk and Project Evaluation | Chapters 11 & 13 |
| Agency Conflicts and Corporate Governance | |
| Exam 3 (June 22) | |
| Final Exam (June 24) | |

Work for Grade Policy and Standards of Conduct

It is your responsibility to carefully read and understand these policies both from VMI and the Department. Copies of these policies are available on Canvas.

Students with Disabilities

VMI abides by Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990 which mandate reasonable accommodations are provided for all Cadets with documented disabilities. If you have a registered disability and may require some type of instructional and/or examination accommodations, please contact me early in the semester so that I can provide or facilitate provision of accommodations you may need. If you have not already done so, you will need to register with the Office of Disabilities Services, the designated office on Post to provide services for Cadets with disabilities. The office is located on the 2nd floor of the VMI Health Center. Please call or stop by the office of LTC Sarah Jones, Director of Disabilities Services, for more information, 540-464-7667 or email at: jonessl10@vmi.edu.

Statement of Diversity and Inclusion

VMI values human diversity in all its richly complex and multi-faceted forms, whether expressed through race and ethnicity, culture, political and social views, religious and spiritual beliefs, language and geographic characteristics, gender, gender identities and sexual orientations, learning and physical abilities, age, and social or economic classes. We respect the value of every member of the class, and everyone in the class is encouraged to share their unique perspective as an individual, not as a representative of any category. Multicultural and intercultural awareness and competencies are key leadership skills. College is supposed to challenge assumptions and to provide new and sometimes uncomfortable ways of looking at issues. If you feel uncomfortable regarding content or perspectives that are presented or discussed by me, your professor, guest speakers, or other cadets, please contact me immediately so that we can discuss those issues. I also ask that you let me know your preferred gender pronoun. Your suggestions on how to incorporate diversity in this course in a meaningful way are appreciated and encouraged.