



Korea University International Summer Campus (KU ISC) 2018

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June 26, 2018 ~ August 2, 2018

ISC 303B – Principles of Finance

I . Instructor

Professor : **Jin-Mo Kim, Ph.D. in Finance**
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II. Textbook

Required Textbook : Fundamentals of Corporate Finance,
by Ross, Westerfield, and Jordan, McGraw-Hill/Irwin.
ISBN-13: 978-0077861704



* If you want to save money, you can purchase an earlier edition of the original textbook. The current version is the 11th edition, but the 9th and 10th edition should be fine as well. I will not use McGraw Hill connect.

Course Materials : **Lecture Notes:** The slides will be posted on the course website before each class that covers the materials.

Financial Calculator: The **Texas Instruments BA-II Plus** will be used exclusively in class. Students must be able to solve present value, annuity valuation amortization schedules, bond valuation, internal rates of return and cash flow worksheet problems, all of which will be demonstrated using the TI-BA-II Plus. IT IS STRONGLY RECOMMENDED THAT YOU USE THIS CALCULATOR SO YOU CAN EASILY FOLLOW CLASS LECTURES. Should you choose to use a different financial calculator, you are both expected and required to learn how to program and use the calculator on your own.

III. Course Description and Objectives

This course provides an introduction into business finance topics including the current institutional environment, financial planning, risk and return, capital budgeting and capital structure (including cost of capital). Basic tools necessary for analyzing and interpreting financial data will be developed. The focus is on corporations whose stocks are publicly traded, but most of the tools and concepts covered are applicable to other types of business firms and not-for-profit entities as well. An important objective of this course is to develop insights into the methods by which financial managers can create value for their shareholders. International considerations are emphasized. This course prepares students to initially interact in the field of finance

IV. Grading

Exam #1	:	100 points
Exam #2	:	100 points
Final Exam	:	100 points
Class Participation	:	20 points
Project	:	20 points

V. Class Outline

Date	Topic	Chapter
June 26 (Tue)	Orientation Day	
June 27 (Wed)	Introduction and Overview of Corporate Finance	1
June 28 (Thu)	Financial Statements and Cash Flow	2
June 29 (Fri)	Working with financial statements (Introduce Project assignment-part 1)	3
July 2 (Mon)	Time Value of Money	5
July 3 (Tue)	Discounted Cash Flow Valuation	6
July 4 (Wed)	Discounted Cash Flow Valuation Review for Exam 1	6
July 5 (Thu)	Exam 1	
July 9 (Mon)	Valuing Bonds	7
July 10 (Tue)	Valuing Stocks	8
July 11 (Wed)	Financial Market History	12
July 12 (Thu)	Risk and Return (To prepare for this class please go over basic statistic concepts such as mean and variation before the class)	13
July 16 (Mon)	Risk and Return (cont.) (Introduce Project assignment-part 2)	13
July 17 (Tue)	Cost of Capital	15
July 18 (Wed)	Review for Exam 2	
July 19 (Thu)	Exam 2	
July 23 (Mon)	Net Present Value and Other Investment Criteria	9
July 24 (Tue)	Capital Investment Decisions	10

Date	Topic	Chapter
July 25 (Wed)	Project Analysis	11
July 26 (Thu)	Review for Final (Project assignments are due)	
July 30 (Mon)	Exam 3	
July 31 (Tue)	EVA (Economic Value Added) / Course Wrap up	Special Topic
Aug 1 (Wed)	Grade Consultation	
Aug 2 (Thu)	Commencement	

V. Additional Information

Prerequisite: Principles of Accounting (ISC212)

It is assumed that students entering ISC303 took introductory accounting course and understand basic financial statements such as balance sheets and Income statements.

Exam

There will be three exams. Some of the problems will require calculations, while some will be conceptual questions. This is a closed-book exam.

Class Participation

I will actively grade your participation. Students are expected to actively participate in class-not merely attend class. The grade for class participation is therefore not merely a reflection of attendance; however, attendance will be taken. A student with 4 or more absences will receive a zero for class participation.

Exam Policy

You should bring a calculator for the exam. The calculator cannot be a smartphone. The use of smartphones or any other device connected to the internet is STRICTLY forbidden, and such use will constitute academic dishonesty. **A4 size sheet**, written on one side with formula only and with your name on it, can be used during tests and the final. These Formula sheets must be turned in with your exam. You must take your seat according to the seating plan when you take a test.