A. Course Description and Objective

FIN 101 (Fundamentals of Finance) is a 3-unit course covering relevant topics regarding financial decision making. This course aims to introduce the students to the tools and techniques of financial management, and their use to managerial decision-making.

The course emphasizes the understanding of finance theory and working knowledge of the financial environment in which the firm operates in order to develop appropriate financial strategies. Hence, it covers the whole range of basic finance concepts, economics and financial environment, financial statement analysis, risk analysis, the valuation process, capital budgeting, capital structure and dividend policy. It will also cover financial analytical tools, cash flow management techniques, and working capital management.

B. Course Outline and Content

1. An Overview of Financial Management
   1.1 Five Principles that Form the Foundations of Finance
   1.2 Role of Finance in Business
   1.3 Legal Forms of Business Organization
   1.4 Business Ethics

2. Financial Markets and Interest Rates
   2.1 Types of Financial Markets and Institutions
   2.2 Financing of Business and Movement of Funds
   2.3 Efficient Market Hypothesis

3. Financial Statements, Cash Flow, and Taxes
   3.2 Operating Assets and Operating Capital
   3.3 Market Value Added (MVA) and Economic Value Added (EVA)

4. Analysis of Financial Statements
   4.1 Ratio Analysis
   4.2 The Du Pont Equations

5. Financial Planning and Forecasting
   5.1 The Sales Forecast
   5.2 The Additional Funds Needed (AFN) Equation

1st LONG EXAM (July 16 -20, 2012)
6. Risk and Rates of Return
   6.1 Stand-Alone Risk vs Risk in a Portfolio Context
   6.2 The Relationship between Risk and Rates of Return
   6.3 Some Concerns about Beta Coefficient and Capital Asset Pricing Model (CAPM)

7. Time Value of Money
   7.1 Future and Present Value, Ordinary Annuity, Annuity Due, and Perpetuity
   7.2 Effective Annual Interest Rate (EAR)
   7.3 Loan Amortization

8. Bonds and their Valuation
   8.1 Key Characteristics of Bonds
   8.2 Bond Valuation
   8.3 Bond Yields: Yield to Maturity (YTM), Yield to Call (YTC), Current Yield
   8.4 Annual and Semi-Annual Coupon Bonds

9. Stocks and their Valuation
   9.1 Common Stocks
   9.2 Preferred Stocks
   9.3 Constant Growth Stocks
   9.4 Valuing Stocks Expected to Grow at a Non-Constant Rate
   9.5 Valuing the Entire Corporation
   9.6 Stock Market Equilibrium

2nd LONG EXAM (August 20-24, 2012)

10. Basics of Capital Budgeting
   10.1 Payback Period
   10.2 Net Present Value (NPV)
   10.3 Internal Rate of Return (IRR) and Modified Internal Rate of Return (MIRR)

11. Cash Flow Estimation and Risk Analysis
   11.1 Estimating Cash Flows for Evaluating Capital Budgeting Projects
   11.2 Real Options and Other Topics in Capital Budgeting

12. Working Capital Management
   12.1 Cash Conversion Cycle
   12.2 Cash Budget and Cash Management Techniques
   12.3 Inventory and Receivables Management
   12.4 Sources of Short-Term Financing: Bank Loans, Accounts Payables (Trade Credit)

3rd LONG EXAM (September 17-21, 2012)

13. Cost of Capital
   13.1 Cost of Debt, Preferred Stocks, and Retained Earnings
   13.2 Cost of New Common Stocks
   13.3 Composite or Weighted Average Cost of Capital (WACC)
14. Capital Structure and Leverage
   14.1 Target Capital Structure
   14.2 Financial Risk
   14.3 Determining Optimal Capital Structure – The Hamada Equation
   14.4 Capital Structure Theory – Trade-Off Theory, Signaling Theory

15. Distributions to Shareholders: Dividends and Share Repurchases
   15.1 Establishing the Dividend Policy in Practice
   15.2 Dividend Reinvestment Plans
   15.3 Stock Dividends and Stock Splits
   15.4 Stock Repurchases

4th LONG EXAM / FINAL EXAM  (October 12-19, 2012)

C. Required Reading

D. Supplementary Readings
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E. Course Requirements

<table>
<thead>
<tr>
<th>Long Exam</th>
<th>80%</th>
<th>Note: FAILURE TO PASS THE LONG EXAMS</th>
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<tbody>
<tr>
<td>Teacher’s Evaluation on the following:</td>
<td>20%</td>
<td>Average of D (1.00) will automatically give you a Final Grade of F</td>
</tr>
<tr>
<td>Class Recitation</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>Seatwork / Quizzes</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>Group Project</td>
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F. Grade Equivalents

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<tr>
<th>Aggregate Long Exam Curve (3-4 Exams)</th>
<th>Letter Equivalent</th>
<th>Numerical Equivalent</th>
<th>Final Grade Curve</th>
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<tbody>
<tr>
<td>276 - 300</td>
<td>A</td>
<td>4.00</td>
<td>A = 3.76 to 4.00</td>
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<tr>
<td>261 - 275</td>
<td>B+</td>
<td>3.5</td>
<td>B+ = 3.31 to 3.75</td>
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<tr>
<td>246 - 260</td>
<td>B</td>
<td>3.0</td>
<td>B = 2.81 to 3.30</td>
</tr>
<tr>
<td>228 - 245</td>
<td>C+</td>
<td>2.5</td>
<td>C+ = 2.31 to 2.8</td>
</tr>
<tr>
<td>204 - 227</td>
<td>C</td>
<td>2.0</td>
<td>C = 1.81 to 2.30</td>
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<tr>
<td>180 - 203</td>
<td>D</td>
<td>1.00</td>
<td>D = 1.00 to 1.80</td>
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<tr>
<td>Below 180</td>
<td>F</td>
<td>0.00</td>
<td>F = Below 1.00</td>
</tr>
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</table>
G. Classroom Policies

1. Absences and Tardiness
   1.1 A total of nine (9) absences for MWF classes for the entire semester will be allowed. Any student who exceeds this will be given a W mark.
   1.2 A student is marked absent when he / she is not in the classroom 10 minutes after the start of class time. Students who arrive late should sit at the back to avoid class disruptions.
   1.3 In the absence of any prior announcement from the Department, the class must wait for the teacher for 30 minutes after classes have started. No free cuts shall be deemed given unless this time has passed. Students who leave before this time shall be marked absent.

2. Testing and Grading
   2.1 If classes are suspended or cancelled on the date of a scheduled exam or quiz, it is understood that the test will be given on the following meeting.
   2.2 QUIZZES WILL BE GIVEN EVERY MEETING. Students are required to study for the lessons that were taught or assigned readings for discussion.
   2.3 Three to Four long exams, lasting three hours each, will be administered outside class hours. All of them are close-notes and closed books. No make-up exams will be allowed.
   2.4 A Final Mark of F will automatically be given to any student caught cheating in any exam.
   2.5 Appeals for rechecking must therefore be accompanied within ONE WEEK AFTER RESULTS ARE GIVEN OUT.

3. Class Guidelines
   3.1 Students are highly encouraged to ask questions and contribute their insights and observations, as long as they are relevant to the subject matter being discussed. Disruptive students will be asked to leave the room.
   3.2 Students are expected to STRICTLY ADHERE to JGSOM Dress Code. If not in compliance, the student will be asked to leave the room.
   3.3 Restroom needs should be attended to before or after the class, or during breaks between classes. It should not be done during class.
   3.4 Eating, drinking, and smoking are not allowed inside the classroom.
   3.5 Turn off cellular / mobile phones or activate the silent vibration mode to avoid disrupting the class discussion.
   3.6 Laptops and other electronic gadgets are NOT allowed during class discussions. Failure to bring calculators and all other assigned materials will be asked to step out of the class.

4. Contact Details and Consultations
   1. Regarding consultation, students may get in touch with their respective teachers using the following email address: __________________________.
   2. Students who wish to individually consult their teacher may arrange an appointment with them, or through Ms. Rosalie Mendoza, the Department Secretary.