

## **RUTGERS UNIVERSITY**

School of Environmental and Biological Sciences

Department of Agricultural Food and Resource Economics, DAFRE

### **Business Finance I**

Course Number: 11:373:351  
Credits 3  
Fall  
Prerequisites: 11:373:121 or 01:220:102 and 11:373:215  
Instructor: Paul Westbrook, CFP  
Email: paul@westbrook.net  
Office: By appointment

Text book: **Fundamentals of Corporate Finance 7<sup>th</sup> Edition**, by Brealey, Myers, and Marcus.

### **Area of Emphasis**

This course provides a basic understanding of concepts and practices of financial management including the analysis of a firm's financial position, working capital management and budgeting, costs of funds and capital structure, and financial instruments.

### **Course Learning Goals**

Students will need a business calculator that can perform FV, PV, NPV, IRR, PMT calculations. By the end of the students will be able to:

1. understand and appreciate the basic financial decisions facing corporations and how these financial decisions are managed.
2. analyze basic information contained in financial statements and understand how it is used to make financial decisions.
3. perform, with the help of business calculator, various FV/PV calculations, including NPV and IRR, and apply the results to solve business problems that inform financial decisions.
4. measure and evaluate the role of risk involved in business problem solving and decision making.
5. calculate the Weighted Average Cost of Capital for a company and understand the concept of "cost of capital."

### **Assessment of Learning Goals**

Goals 1 to 5 will be assessed via two interim exams (20% each), a final exam (30%), research project (20%) and class presentation/discussion (10%). The project will require that students select, research and conduct financial analyses on firms of a similar

nature; e.g. Verizon vs. AT&T; Exxon Mobil vs Chevron, Google vs Apple, using three common business software programs such as PowerPoint, Excel, and Word or their equivalents. Students must apply appropriate financial concepts in their analysis and communicate their findings clearly both orally and in writing. Students will have 15 minutes to present their research to the class and submit a 5-page written report plus the attachment of 1 original spreadsheet of the company being researched. Each presentation will be followed by a 5-minute class discussion.

### **Course outline**

The first 13 chapters of the book will be covered in detail. It is anticipated that one chapter will be covered per week.

Chapter 1: Goals and Governance of the Firm

Chapter 2: Financial Markets and Institutions

Chapter 3: Accounting and Finance

Chapter 4: Measuring Corporate Performance

-- First Interim Exam --

Chapter 5: The Time Value of Money

Chapter 6: Valuing Bonds

Chapter 7: Valuing Stocks

Chapter 8: Net Present Value and Other Investment Criteria

-- Second Interim Exam --

Chapter 9: Using Discounted Cash-Flow Analysis to Make Investment Decisions

Chapter 10: Project Analysis

Chapter 11: Introduction to Risk, Return and the Opportunity Cost of Capital

Chapter 12: Risk, Return and Capital Budgeting

Chapter 13: The Weighted-Average Cost of Capital and Company Valuation

-- Final Exam --