

COURSE SYLLABUS

BUSINESS FINANCE Honors, Fall 2004

FIN 357 (02660) T-TH 11-12:30, UTC 4.104

FIN 357 (02665) T-TH 12:30-2:00, UTC 4.104

FIN 357 (02670) T-TH 2:00-3:30, UTC 4.104

**Professor
Dr. Beverly Hadaway**

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PROFESSOR: BEVERLY HADAWAY

OFFICE: CBA 6.274

OFFICE HOURS: M 12:00 - 3:00, others by appointment.

The University of Texas at Austin provides upon request appropriate academic accommodations for qualified students with disabilities. For more information, contact the Office of the Dean of Students at 471-6259, 471-4641

Academic TAs:

TBA

Administrative TA:

TBA

REQUIRED:

TEXTBOOK: Ross, Westerfield and Jaffe, *Corporate Finance* (7th ed.), New York, NY, McGraw-Hill 2005

CALCULATOR with finance functions: suggestion HP 10B ii
(Students completing the Aug. 24, 2004 Boot Camp will receive a complimentary HP 10B ii)

SUGGESTED MATERIALS:

SUBSCRIPTIONS TO ONE OR MORE OF:

WALL STREET JOURNAL
BUSINESS WEEK
FORTUNE MAGAZINE

COURSE WEBSITE: Important course information, quiz and exam keys, and many class hand outs will be available on line at: www.bus.utexas.edu/Faculty/Beverly.Hadaway

Course Description and Objectives:

Finance 357H introduces concepts and analytical techniques to identify and solve financial management problems. It serves as the **basis** for **all other** courses in the area of finance as well as providing those basic tools that every business student will need to be successful in her/his chosen career. Those students majoring in marketing, management and accounting, as well as those going further in the study of finance, will find this material an essential part of their business education. Regardless of the student's chosen career, these tools and techniques will provide the basic tools to make personal financial decisions. The major topics, which coincide with the chapters of the text, are shown below.

Please take special note. The materials in Chapters 2 (accounting statements, cash flow and ratios) and 4 (time value of money concepts) are considered review. They will not be covered in class. Students are urged to attend the Boot Camp on August 24, 2004 (for full information click on the Boot Camp link button) for a comprehensive review of these concepts

Overview

Introduction to Corporate Finance
Accounting Statements and Cash Flow

Value and Capital Budgeting

Financial Planning and Growth
Net Present Value
How to Value Bonds and Stocks
Some Alternative Investment Rules
Net Present Value and Capital Budgeting
Risk analysis, Real Options and Capital Budgeting

Risk

Capital Market Theory: An Overview
Risk and Return: The Capital Asset Pricing Model
An alternative View of Risk and Return: The Arbitrage Pricing Model
Risk, Cost of Capital, and Capital Budgeting

Corporate structure and Dividend Policy

Corporate Financing Decisions and Efficient Capital Markets
Long-Term Financing: An Introduction
Capital Structure: Basic Concepts
Capital Structure: Limits to the Use of Debt
Valuation and Capital Budgeting for the Levered Firm
Dividends and Other Payouts

Long Term Financing

Issuing Securities to the Public
Long-Term Debt
Leasing

Options, Futures, and Corporate Finance

Options and Corporate Finance: Basic Concepts
Options and Corporate Finance: Extensions and Applications
Warrants and Convertibles
Derivatives and Hedging Risk

Financial Planning and Short-Term Finance

Short-Term Finance and Planning
Cash Management
Credit Management

Special Topics

Mergers and Acquisitions
Financial Distress
International Corporate Finance

Conduct of The Course:

Class lecture is an important part of the course. Reading assignments from the textbook, readings from other outside sources and working assigned problems are required. All of the above are subject to examination. It should be noted that class attendance is considered essential for passing performance in the course. In addition, student participation is expected. This involves being prepared when called on in class to discuss any assigned material and/or to work assigned problems.

Please note dates and times for exams and quizzes are provided elsewhere in this syllabus distributed in class 08/26/04, and are available on the web site identified above. Every student registered for the class is responsible for arranging his or her academic, work, social and travel schedules to accommodate the scheduled exams and quizzes. Consequences for missing an exam or quiz are detailed in the next section of this syllabus.

STUDENT PERFORMANCE EVALUATION: The final grade will be determined based on the items and weights identified below.

Exam I: 30%,

Exam II: 30%

Exam III: 30%

The exams can be a mixture of multiple choice, short answer, problems, and essay. **If a student fails to take an exam then his or her final exam will cover the material missed as well as the regular material for the last exam (refer to exam policies below).** Failure to take the third exam at the scheduled time will result in an automatic thirty-point penalty or zero depending on the circumstances.

Homework Quizzes 10%:

Four quizzes taken in part from the homework assignments will be given. There are no makeups for the quizzes, however only the best 2 of 4 scores will be counted.

Homework: Problems are assigned for most of the chapters in the text. These problems will not be collected and graded; however on a rotating basis, students may be called on in class to provide solutions and they **serve as the basis for the quizzes.** Working problems is a necessary but not sufficient exercise for success in the course.

Scholastic Dishonesty will not be tolerated and will be dealt with in accordance with the policies of the University of Texas.

Prerequisites:

Finance 357H is a *Restricted Course* for students who are currently enrolled in the Business Honors program. Note that several prerequisites apply for this course and are published in the *Course Schedule*. See also the page entitled "Important Information For All Students Enrolled In Business Courses" for additional information. Several courses that have Finance as a prerequisite may require that the student earn at least a "C" in this course.

Suggested Supplemental Materials:

Solutions to the end-of-chapter problems are available on line at the professors web site. The *solutions to the end-of-chapter problems* have been prepared by the publisher of the textbook. Other materials will be passed out in class. Please inform the TA or Dr. Hadaway if you feel you have found a mistake on any of these documents.

Calculators:

A calculator with exponent and root functions **will** be necessary to work the problems on the examinations and those provided at the end of the chapter. **A calculator with finance functions is required for this course.** It should be emphasized that the calculator cannot replace an understanding of the problem solving process. Relying on your calculator as a means to simply *plug figures* for an answer will get you into trouble -- problems (academic and real world) do not always fit into a formula.

Some suggestions popular with business students are:

Texas Instruments Business Analyst (BA-35)

Texas Instruments BA-II PLUS)

Hewlett Packard 10B (my personal favorite and the only one for which I will provide technical support)

Class Handouts:

A list of handouts is posted on my web site:

www.bus.utexas.edu/Faculty/Beverly.Hadaway

Exam Policies

1. Alternate exam dates are not an option. Conflicts between the scheduled exams and other academic or work requirements should be resolved by the student. Exams I and II are scheduled in the evening from 6:00 - 8:00 pm (see course schedule for dates and location) and have been posted on the undergraduate dean's master evening exam list. The third exam and makeup exams are scheduled during the final examination time listed in the official *University Course Schedule*. That time is unique to your course section and takes priority over any and all other examinations not scheduled by the University (i.e. some professors schedule exams independent of the University).

Exam III is not comprehensive and will have the same time allotment as Exams I and II. Exam III will be given during the first half of the scheduled final exam period. Students that miss either Exam I or Exam II will makeup that exam during the last half of the scheduled final exam period.

2. In general, calculators may be used when taking an exam. You cannot share calculators with others during the exam. Be sure to learn how to use your calculator and make sure the batteries have sufficient power **before** the scheduled exam.

3. Any individual suspected of cheating, as defined by the University, will be disciplined to the maximum extent possible.

4. Exams can be reviewed after they have been graded. The method of review will be announced in class.

Other Class Policies

1. Talking during lecture is not permitted. It is disruptive to other class members and the instructor. Thank you for your cooperation in this matter.

2. If you miss a class, it is your responsibility to determine what was covered including any administrative announcements. Some of the material covered on exams may not be in the text. Hence, you are urged to attend class regularly.

3. Make-up or extra work to improve your grade is not possible. Your final letter grade is determined by the criteria set forth in the student evaluation section of this syllabus.

4. Office hours for the teaching assistant will be distributed once the semester has begun. Office hours for both Dr. Hadaway and the TA may change during the semester. Such changes will be announced in class.

5. Should you have to **leave class early**, please extend the courtesy of informing the instructor before the beginning of the period and leave quietly so as not to disturb the other members of the class.