



FIN 357

FALL 2008

03160: TTH, 8:00 - 9:30AM, UTC 4.104;

03165: TTH, 9:30-11:00AM, UTC 1.132;

03200: TTH, 2:00 - 3:30PM, UTC 1.104.

Professor	Frank (Hongfei) Tang
Office	CBA 6.324
Office Hours	12:45pm-1:45pm (Tuesday and Thursday) and 3:30pm-5:30pm (Tuesday)
Phone	232-6823
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Course Web Page	via Blackboard
Teaching Assistant	Jung-Eun Kim (Office hour: 2-3 pm Monday; Office: CBA 1.312A; Phone: 471-1676; Email: Jung-Eun.Kim@phd.mcombs.utexas.edu .)

Course Objectives

This course is an introduction to corporate finance, which provides you with a foundation for subsequent courses in corporate finance, fixed income securities, investments, real estate finance, security analysis, and speculative markets.

The objective of this course is to introduce you to the concepts of corporate finance and tools required for a financial manager. As a financial manager, you will attempt to maximize the value of the firm to its owners by making investing and financing decisions. We will cover such main topics as (1) Time value of the money and asset valuations, (2) Project evaluation and investment decisions, and (3) Cost of capital and capital structure decisions.

By the end of this course, you should have a framework to understand major corporate financial decisions and understand the role of a financial manager. The approach to this class will be analytical and rigorous. Basic knowledge of accounting, mathematical and statistical tools are required.

Prerequisites

The prerequisites for this class include ACC 312, ECO 304K (or 303), ECO 303L (or 302), STA 309, and admission to a business major.

Materials

The textbook for this course is **Fundamentals of Corporate Finance**, 8th alternate edition, by Stephen A. Ross, Randolph W. Westerfield, and Bradford D. Jordan, McGraw-Hill Irwin, New York, ISBN: 007-328-211-1.

The lecture materials will be posted on the blackboard website. You should check the blackboard website frequently. I will post all the quiz and exam answers, along with other important information, such as your course grades, on the blackboard website.

Calculators and Computers

You will definitely need a calculator for the course (especially for the quizzes and three exams). The Texas Instruments BAII Plus calculator is highly recommended. Laptop and Palmtop computers will not be allowed for the exams.

For those of you who are interested in learning how to use a financial calculator: the textbook includes explanations, including examples at the end of the relevant chapters. In addition, if a sufficiently large number of students will desire a special class on how to use a financial calculator, such a class will be provided.

Course Grade Evaluation

The course grade will be based on your class participation, homework, quizzes, midterm exams, and the final exam. More specifically, your grade in the course will be determined as follows:

	Points
Class participation	10
Homework	10
Quizzes	40
Midterm #1	40
Midterm #2	40
Final	<u>60</u>
	<u>200</u>

Class attendance and participation is very important to understand the course materials. The attendance will be factored into the class participation points. Also all the quizzes will be given in class.

The homework assignments are important for understanding of the materials covered in the class. Group study is encouraged. Each group can have a maximum number of 5 students. To check the individual participation, each student must hand in his/her own report. The other group members' names must be listed in the report. All homeworks must be handed in at the beginning of the class on the due date. No late homework is accepted. The grading of the homework will be based on "Fail", "Pass", and "High Pass". A "Fail" homework will get no points. A "Pass" homework will get 1 point. A "High Pass" homework will get 2 points. There are 6 homework assignments. Only the highest 5 homework grades will be counted into the final total scores. That is, you will be allowed to drop one lowest homework grade.

There will be 3 quizzes. Each quiz has 20 points. Only the highest 2 quizzes grades will be counted into the final total scores. That is, you will be allowed to drop one lowest quiz grades.

Both of the midterm exams will be given in the evening and the following class will be cancelled. The tentative exam schedule is as following:

Midterm #1: Thursday September 25th;
 Midterm #2 Tuesday October 28th;
 Final Exam: TBA (during exam week).

The final exam will be cumulative. For all quizzes and exams, no wireless devices will be allowed in the examination room. You are expected to have a financial calculator for quizzes and exams. Computers are not permitted.

Your letter grade for the course will be decided by your ranking in the course (curved). The best way to guarantee an "A" grade is to earn at least 90% of the total scores. Again, your class grades will be posted on blackboard. Please check your grades periodically. If you have any question concerning your grades, please contact me as soon as possible.

All assignments and exams are to be completed at the specified date and time. No make-up quizzes or mid-term exams. If you have a legitimate reason to be absent, it is your responsibility to let me know as early as possible and to provide me the required documents. In such case, your final exam will be reweighted.

Preparing for Classes

The material for this course needs to be absorbed consistently. As the course progresses, you should read the relevant chapters in the textbook and work on the homework problems. The homework problems are *essential* for a full understanding of the material covered in the course. The quizzes and three exams will systematically include questions that are very similar to the homework problems. After the lecture you should go through the class notes, and finally check your understanding of the materials by completing the assigned homework.

Students with Disabilities

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

Tentative Class Schedule

Date	Topics	Reading	Assignments
Th Aug. 28 th	1. Introduction	Ch 1	
T Sep. 2 nd	2. Financial Statements, Taxes and Cash Flows	Ch 2	
Th Sep. 4 th	3. Time Value of Money (TVM)	Ch 5	
T Sep. 9 th	-- continue		
Th Sep. 11 th	4. Discounted Cash Flow Valuation (DCF)	Ch 6	HW #1 due
T Sep. 16 th	--- continue		In-class quiz #1
Th Sep. 18 th	5. Interest Rates and Bond Valuation	Ch 7	
T Sep. 23 rd	6. Stock Valuation	Ch 8	HW #2 due
Th Sep. 25 th	Catch-up and Review for Midterm #1		Evening: Midterm #1
T Sep. 30 th	Class cancelled for Midterm #1		
Th Oct. 2 nd	7. Net Present Value (NPV) and Other Investment Criteria	Ch 9	
T Oct. 7 th	--- continue		
Th Oct. 9 th	8. Capital Investments	Ch 10	HW #3 due
T Oct. 14 th	--- continue		In-class quiz #2
Th Oct. 16 th	9. Break-even Analysis	Ch 11	
T Oct. 21 st	10. Lessons from Market History	Ch 12	
Th Oct. 23 rd	11. Return, Risk, and Security Market Line	Ch 13	HW #4 due
T Oct. 28 th	Catch-up and Review for Midterm #2		Evening: Midterm #2
Th Oct. 30 th	Class cancelled for Midterm #2		
T Nov. 4 th	12. Cost of Capital	Ch 15	
Th Nov. 6 th	--- continue		
T Nov. 11 th	13. Raising Capital	Ch 16	
Th Nov. 13 th	14. Financial Leverage and Capital Structure	Ch 17	HW #5 due
T Nov. 18 th	--- continue		In-class quiz #3
Th Nov. 20 th	15. Dividend Policy	Ch 18	
T Nov. 25 th	16. Leasing	Ch 26	HW #6 due
Th Nov. 27 th	Enjoy Thanksgiving holidays		
T Dec. 2 nd	Catch-up and Review for Final Exam		
Th Dec. 4 th	Review for Final Exam		
Final period			Final exam

* In the event of a major campus emergency, course requirements, deadlines and grading percentages are subject to changes that may be necessitated by a revised semester calendar or other circumstances.

Course Web Sites

The different course materials will, in general, be distributed through the course web page on the blackboard. Class email rosters will be a component of the blackboard. Students who do not want their names included in these electronic class rosters must restrict their directory information in the Office of the Registrar, Main Building, Room 1. For information on restricting directory information see:

<http://www.utexas.edu/student/registrar/catalogs/gi02-03/app/appc09.html> .

McCombs Classroom Professionalism Policy

The highest professional standards are expected of all members of the McCombs community. The collective class reputation and the value of the Texas CBA experience hinges on this. Faculty are expected to be professional and prepared to deliver value for each and every class session. Students are expected to be professional in all respects.

The Texas CBA classroom experience is enhanced when:

- **Students arrive on time.** On time arrival ensures that classes are able to start and finish at the scheduled time. On time arrival shows respect for both fellow students and faculty and it enhances learning by reducing avoidable distractions.
- **Students are encouraged to display their name cards.** This permits fellow students and faculty to learn names, enhancing opportunities for community building and evaluation of in-class contributions.
- **Students minimize unscheduled personal breaks.** The learning environment improves when disruptions are limited.
- **Students are fully prepared for each class.** Much of the learning takes place during classroom sessions. When students are not prepared they cannot contribute to the overall learning process. This affects not only the individual, but their peers who count on them, as well.
- **Students attend the class section to which they are registered.** Learning is enhanced when class sizes are optimized. Limits are set to ensure a quality experience. When section hopping takes place some classes become too large and it becomes difficult to contribute. When they are too small, the breadth of experience and opinion suffers.
- **Students respect the views and opinions of their colleagues.** Disagreement and debate are encouraged. Intolerance for the views of others is unacceptable.
- **Laptops are closed and put away.** When students are surfing the web, responding to e-mail, instant messaging each other, and otherwise not devoting their full attention to the topic at hand they are doing themselves and their peers a major disservice. Those around them face additional distraction. Fellow students cannot benefit from the insights of the students who are not engaged. Faculty office hours are spent going over class material with students who chose not to pay attention, rather than truly adding value by helping students who want a better understanding of the material or want to explore the issues in more depth. Students with real needs may not be able to obtain adequate help if faculty time is spent repeating what was said in class. There are often cases where learning is enhanced by the use of laptops in class. Faculty will let you know when it is appropriate to use them. In such cases, professional behavior is exhibited when misuse does not take place.
- **Phones and wireless devices are turned off.** We've all heard the annoying ringing in the middle of a meeting. Not only is it not professional, it cuts off the flow of discussion when the search for the offender begins. When a true need to communicate with someone outside of class exists (e.g., for some medical need) please minimize the disturbance to the class.
- **The McCombs School of Business has no tolerance for acts of scholastic dishonesty.** Here is the Policy Statement on Scholastic Dishonesty for the McCombs School of Business:
By teaching this course, I have agreed to observe all of the faculty responsibilities described in that document. By enrolling in this class, you have agreed to observe all of the student responsibilities described in that document. If the application of that Policy Statement to this class and its assignments is unclear in any way, it is your responsibility to ask me for clarification. Policy on Scholastic Dishonesty: Students who violate University Rules on scholastic dishonesty are subject to disciplinary penalties, including the possibility of failure in the course and/ or dismissal from the University. Since dishonesty harms the individual, all students, and the integrity of the University, policies on scholastic dishonesty will be strictly enforced. You should refer to the Student Judicial Services website at <http://deanofstudents.utexas.edu/sjs/> or the General Information Catalog to access the official University policies and procedures on scholastic dishonesty as well as further elaboration on what constitutes scholastic dishonesty.