Course Objectives
The objectives of the course are to learn the concepts and general theories of financial management and more importantly to learn how to apply them to financial problems in order to make more informed decisions that you will encounter in your professional career as well as personal life. An immediate goal is that upon completing this course, you have a better understanding of the financial decisions firms have to face. For those of you interested in taking more finance courses, an additional objective of this course is to prepare you with all the background information necessary to do well in your advanced finance classes.

Course Description
This is the core course in the business school that focuses on the financial decisions that individuals and firms face. While this course will be broad in scope and will cover many different topics relating to finance, an additional emphasis will be placed on topics relating to corporate finance. The primary topics covered in the class include:

1. Present value and capital budgeting techniques
2. Asset valuation and the trade-off between risk and return
3. Capital markets
4. The financing decisions of the firm.

Prerequisites
Accounting 311(H), 312(H), Economics 304K and 304L, and Statistics 309(H); and credit or registration for Business Administration 324(H).

Course Text
Stephen A. Ross, Randolph W. Westerfield, and Bradford D. Jordan, Fundamentals of Corporate Finance, 10th edition, McGraw Hill, 2012. ISBN: 9780078034633. The book is available at the bookstore and online. Earlier editions cover similar material and may be used, but students must be aware that the homework questions will come from the 10th edition, and may have changed from previous versions.

Calculator
Each student is required to bring a calculator to classes and exams. At a minimum, the calculator must have ln, e^x, and x^y buttons. Although a business calculator is not required for the course, I strongly encourage its use as it will be helpful for this as well as future course work in finance, accounting, and other business disciplines. A student business calculator (such as HP 10bII, TI BAII Plus or calculators with similar capabilities) should be adequate for all business courses. Because of the variety of calculators used, students will be expected to learn how to use their calculators on their own. Per Finance department policy, laptops and other electronic devices are not allowed during class and are not to be used during exams.

Course Structure
The course consists of lectures, homework, quizzes, and three in-class exams, each of which is designed to help you better comprehend the material covered and to test measure your mastery of the ideas and concepts covered.
The primary goal of the lectures will be to cover the main ideas and theories pertaining to corporate finance and to relate them to what we observe in the real world. The purpose of quizzes is to provide students with a general benchmark of how well they understand the material and to give a representative picture of how well they would do on an actual exam. Homework is designed to extend the ideas covered in class. These assignments will be the most demanding you face, in terms of level of difficulty. Exams are designed to test the depth of a student’s knowledge and understanding of multiple topics and how topics relate to each other.

Five homework assignments will be given throughout the semester, with the highest 3 scores counting toward a student’s final grade. Homework will be given every week and will be due at the beginning of class every Thursday. **Late homework will not be accepted.** These assignments should be completed individually unless otherwise stated. Homework assignments

While attendance is not required, part of a student’s grade will be based on class participation. This will allow me to assess when students need to spend more time on a topic and will help to more efficiently set the pace of the class. If a student does not attend class and participate, I will rely solely on their performance in the written assessments as a measure of their comprehension of the required material. In addition, they will receive no credit for the participation portion of the final grade.

The final course grade will be based on the following grading weights:

- 3 in-class exams (including the final) – 25% each
- Best 3 homework grades (out of 5) – 20% total
- Class Participation – 5%

**Grading Distributions**

Your final grade in the course will be based on how well you performed relative to other students (a curve). However, the curve will never be used in situations when your final grade would be higher if there was no curve. In general, there will be about 30% A’s, 40-50% B’s, 20-30% C’s or below. Students scoring in the top 10% of the class on the final exam will receive an A in the course provided they have completed all other assignments in the course (handed in all homework and taken all exams). These A’s will not adversely affect the other students in the class by “blowing the curve.”

**Re-grading Policy**

Re-grade requests for exams and homework must be made in writing within three (3) class days after the graded materials is returned in class. Requests must clearly and specifically state your reasons for objecting to your assigned score on a particular question. Please keep in mind that the whole exam, instead of a specific question, is subject to re-grading.

**Preparing for Classes**

It is not required but strongly recommended to read the relevant chapters from the Ross, Westerfield, and Jordan textbook before we cover the material in class. After the lecture, you should go through your notes, and finally check your understanding of the material by completing homework problem sets. Students will find that the three exams are based on textbook material, the basic concepts covered in lecture notes and their applications in suggested problem sets.
Course Web Page
Course material will be distributed through the course web page on Blackboard. Please familiarize yourself with Blackboard: http://courses.utexas.edu/

Password-protected class sites will be available for all accredited courses taught at The University. Syllabi, handouts, assignments and other resources are types of information that may be available within these sites. Site activities could include exchanging e-mail, engaging in class discussions and chats, and exchanging files. In addition, class e-mail rosters will be a component of the sites. 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.

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.

Scholastic Dishonesty
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 an/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.
## Tentative Class Schedule

| May 31 | 1. Introduction  
| Chapter 1 |
|---|---|
| June 4 (Mon.)  | June 5  | June 6  | June 7  |
| 2. Basic Valuation I – Time Value of Money (TVM)  
Chapter 5  | 3. Basic Valuation II – Perpetuities and Annuities  
Chapter 6  | 4. Basic Valuation III – Applications  
Chapter 6  | 5. Valuing Bonds I  
Chapter 7  
HW #1 Due |
| June 11 (Mon.) | June 12  | June 13  | June 14  |
| Exam #1  | 6. Valuing Bonds II  
Chapter 7  | 7. Valuing Stocks I  
Chapter 8  | 8. Valuing Stocks II  
Chapter 8  
HW #2 Due |
| June 18 (Mon.) | June 19  | June 20  | June 21  |
| 9. Risk and Return  
Chapter 12  | 10. Portfolio Theory  
CAPM  
Chapter 13  | 11. Capital Budgeting I  
Chapter 2, 9  | 12. Capital Budgeting II  
Chapter 10  
HW #3 Due |
| June 25 (Mon.) | June 26  | June 27  | June 28  |
| Exam #2  | 13. Capital Budgeting III  
Chapter 11  | 14. Capital Budgeting IV  
Chapter 11  | 15. Capital Budgeting under Uncertainty  
Chapter 15  
HW #4 Due |
| July 2 (Mon.) | July 3  | July 4  | July 5  |
| 16. Overview of Corporate Financing  
Chapter 14  | 17. Capital Structure Theory I  
Chapter 14  | Independence Day  
(Holiday)  | 18. Capital Structure Theory II & Review of Course  
Chapter 16  
HW #5 Due |

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May 30th, 2012