McCOMBS SCHOOL OF BUSINESS
THE UNIVERSITY OF TEXAS AT AUSTIN

FIN 357 BUSINESS FINANCE
**COURSE SYLLABUS**

Nicholas Crain — Spring 2013

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Office Hours: By appointment — Meetings: MW 12:30-2:00

## Course Text

Parrino, Kidwell and Bates, Fundamentals of Corporate Finance 2nd Edition, Wiley, 2011, ISBN: 0470876441

## Course Objective

The objectives of the course are the following:
(1) To introduce the theories and concepts of financial management
(2) To develop the tools and skills necessary to apply these theories to financial decision-making

## Course Description

This course provides the foundations for subsequent courses in corporate finance, security analysis, investments, fixed income securities, speculative markets, and real estate finance. Its purpose is to provide an introduction to the concepts and techniques of financial analysis, with an emphasis on corporate finance. The main topics covered include (1) present value and capital budgeting techniques, (2) asset valuation and the trade-off between risk and return, (3) capital markets, and (4) the financing decisions of the firm.

Since the emphasis is on the fundamental concepts underlying modern corporate finance, the approach will be analytical and rigorous. This will require some familiarity with accounting, mathematical, and statistical tools that you should obtain from the prerequisites courses.

## Prerequisites

The prerequisites for this class are: ACC 311, ECO 304K and 304L, STA 309, credit or registration for ACC 312 and BA 324, and admission to a business major. These prerequisites will be enforced and students without prerequisites will be dropped from the course. According to the business school policy, I may not make exceptions to these prerequisites.

## Calculator

Each student is required to bring a calculator to classes and tests. 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 their use as they 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.

## Office Hours and Substitute Lecturers

The first couple months of this semester I will be travelling heavily. I have scheduled my travel around class time and arranged instructors who have taught this course before to fill in for me when conflicts are unavoidable. For this first months office hours will be by appointment, or announced in class on a week-by-week basis. I try to be very approachable; please don't hesitate to contact me about setting up a time to meet. Understand that we might have to be creative and meet over Skype, etc. when I'm out of town. After mid-March, my travel schedule should die down, and I will try to establish regular office hours.

**Finance Lab**
The Finance Department sponsors a Finance Lab for students enrolled in all sections of Finance 357. The staff in this lab can answer many of the questions concerning the end-of-chapter questions and other textbook related questions. will operate in the following rooms and at the following times from 1/22 to 4/26 2013:

Hours of operation: Mondays 6:30-9 pm., Tuesday and Wednesday 5-9 pm.
Mon and Tues will be in GSB 5.153. Wed GSB 5.154.

**Course Structure**
The course will consist of lectures designed to provide an understanding of the major elements of finance. The emphasis is on the logic underlying each concept, on how each concept is used in finance and on how the concepts are interrelated. The lectures are designed to be interactive sessions in which students contribute by asking and answering questions.

The course grade will be based on the following:

- Homework – 10% total
- two (2) in-class exams - 25% each
- final exam – 40%

All exams will be given **in-class**. The tentative schedule will be as follows:

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|---|---|
| Exam 1 | **Monday, Feb 18th** |
| Exam 2 | **Wednesday, Mar 27th** |
| Final Exam | **See Final Exam Schedule** |

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**Homework**
Homework will be **assigned and turned in** via blackboard. Assignments will be graded for completion, not correctness. The homework problems will be similar to what you can expect to see on an exam, so its highly recommended that you give the homework your best effort, and check the answer keys after class.

In addition I will post additional practice problem that you can use to study for the exam.

**Exam Policies**
Students missing a test without my prior permission will receive a zero on the exam. A student missing a test with my permission will have the points for the missed test added to their final test. As an example, if you miss the second test, the points of that test will be added to the last test. In addition, I reserve the right to give a last test that differs from that given to the students who are taking the regular third test. Requests for an excuse from a test must be made **by e-mail** and, except for extreme documented emergencies, determined solely at the instructor's discretion ***prior*** to the test. In rare cases when a student identifies a conflict very early in the semester I will consider arranging a make-up exam.

**Grading Distributions**
Your letter grade for the course will be based on your ranking in the course (i.e., the curve). In general, there will be about 25% A's, 40-50% B's, 25-35% C's or below. However, I reserve the right to make adjustments to this distributions based on how the class performs as a whole.

**Re-grading Policy**
Re-grade requests must be made **by e-mail** within three (3) class days after the graded assignment is returned in class. Requests must clearly and specifically state your reasons for objecting to your assigned score on a particular question.

**Preparing for Classes**

The material for this course needs to be absorbed consistently. You should find it helpful to read the relevant chapters from the Parrino, Kidwell and Bates textbook **before** we cover the material in class. On the class schedule I've indicated the earliest date that we will cover different chapters in the book. Although the homework will only be graded for completion, it is important that you give the homework your full effort, and check your answers against the key. The three exams will systematically include questions that are very similar to the homework problems.

**Blackboard**

Course material will be distributed through the course web page on Blackboard.

**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.

| Start | Subject | Message |
|---|---|---|
| Recurrence: (none) (39 items) | | |
| Monday, January 14, 2013 | Course Intro | |
| Wednesday, January 16, 20... | Ch 1: Financial Manager and the Firm | |
| Monday, January 21, 2013 | No Class (MLK) | |
| Wednesday, January 23, 20... | Ch 2: Financial System and Level of Interest ... | |
| Wednesday, January 23, 20... | Homework #1 Due | |
| Monday, January 28, 2013 | Ch 5: Time Value of  Money | |
| Wednesday, January 30, 20... | Ch 6: Discounted Cash Flows and Valuation | |
| Monday, February 4, 2013 | Catch-Up Day | |
| Wednesday, February 6, 20... | Ch 7: Risk and Return | |
| Wednesday, February 6, 20... | Homework #2 Due | |
| Monday, February 11, 2013 | Ch 8: Bond Valuation and the Structure of In... | |
| Wednesday, February 13, 2... | Catch-Up Day | |
| Wednesday, February 13, 2... | Homework #3 Due | |
| Monday, February 18, 2013 | Test #1 (Ch. 1,2,5-8) | |
| Wednesday, February 20, 2... | Ch 9: Stock Valuation | |
| Monday, February 25, 2013 | Ch 3 & 4 Review from ACC 311 & 312 (Skim ... | |
| Wednesday, February 27, 2... | Ch 10: Fundamentals of Capital Budgeting | |
| Monday, March 4, 2013 | Ch 11: Cash Flows and Capital Budgeting | |
| Wednesday, March 6, 2013 | Catch-Up Day | |
| Wednesday, March 6, 2013 | Homework #4 Due | |
| Monday, March 11, 2013 | No Class (Spring Break) | |
| Wednesday, March 13, 2013 | No Class (Spring Break) | |
| Monday, March 18, 2013 | Ch 12: Evaluating Project Economics and Ca... | |
| Wednesday, March 20, 2013 | Ch 13: The Cost of Capital | |
| Wednesday, March 20, 2013 | Homework #5 Due | |
| Monday, March 25, 2013 | Catch-Up Day | |
| Wednesday, March 27, 2013 | Test #2 (Ch. 9 -13) | |
| Monday, April 1, 2013 | Ch 15: How Firms Raise Capital | |
| Wednesday, April 3, 2013 | Ch 16: Capital Structure Policy | |
| Monday, April 8, 2013 | Catch-Up Day | |
| Wednesday, April 10, 2013 | Ch 17: Dividends, Stock Repurchases, and Pa... | |
| Wednesday, April 10, 2013 | Homework #6 Due | |
| Monday, April 15, 2013 | Ch 18: Business Formation, Growth and Valu... | |
| Wednesday, April 17, 2013 | Catch-Up Day | |
| Monday, April 22, 2013 | Ch 20:  Options and Corporate Finance | |
| Wednesday, April 24, 2013 | Catch-Up Day | |
| Wednesday, April 24, 2013 | Homework #7 Due | |
| Monday, April 29, 2013 | Catch-Up Day | |
| Wednesday, May 1, 2013 | Review / Catch  Up Day | |