

FIN 357 BUSINESS FINANCE, *SUMMER 2011*

Professor: Bomi Lee
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Office Hours: MTWTh 1:00-2:00 and by appointment

Classroom: UTC 1.104
Meetings: MTWTh 10:00-12:00

Course Objectives and Description

The objectives of the course are to introduce fundamental theories and concepts of financial management and to develop techniques of financial analysis to financial decision-making. For students in business majors, this course will provide the foundations for subsequent courses in corporate finance, security analysis, investments, fixed income securities, speculative markets, and real estate finance. Moreover, this course will provide essential knowledge for making decisions as a corporate manager in the future. More generally, this course will be helpful for making investment decisions at the individual level. The main topics include (1) present value and capital budgeting, (2) asset valuation and the trade-off between risk and return, (3) capital structures and the financing decisions of the firm.

Course Textbook

Stephen A. Ross, Randolph W. Westerfield, and Bradford D. Jordan, Fundamentals of Corporate Finance, 9th edition, McGraw Hill, 2010

Prerequisites

The prerequisites for this class are: ACC 312, ECO 304K, ECO 303L, STA 309. Since this course requires some familiarity with accounting, mathematical, and statistical tools that you should obtain from the prerequisites courses, students without prerequisites will be dropped from the course.

Calculator

Each student is required to bring a calculator to all classes and exams. I encourage using a business calculator as it will be helpful for this course as well as future courses. The followings are examples of adequate calculator; HP 10bII, TI BAII Plus, and students will be expected to learn how to use their calculators on their own. An engineering calculator with memory function is also allowed, but I will clean the memory before exams. **Laptops are not allowed during classes and exams.**

Grading

Midterm Exam	30%	Monday, July 25th
Final Exam	40%	Monday, August 15th
Quizzes	15%	unannounced
5 Assignments	10%	Announced during the class
Class participation	5%	

Assignments will be given on regular basis and be graded based on efforts. The purpose of assignments is getting feedbacks from you whether the main concepts are well understood. I will check to see if you completed them trying their best to reach right answers as much as possible. At the same time, to give an enough amount of anxiety to keep up with the class, unannounced quizzes will be given. The quizzes are from the materials which have been covered last class and questions will be at the very basic level. Class participations will mainly be assessed from class attendance which will be checked randomly by participations in quizzes, and in-class discussions and Blackboard discussions. Exams will be given at the comprehensive level to gauge the understanding of the big pictures, and you will have enough chances to practice through assignments.

Make-up tests will not be given and late assignments will not be accepted. These assignments are designed to prepare students for exams, and should be completed individually. Class participation will be based on attendance and participation in pop-up quizzes, in-class discussions and Blackboard discussions.

Grading Distributions

Your letter grade for the course will be curved. The grading distribution will be about 25% A's, 40-50% B's, 25-35% C's or below. However, based on how the class performs as a whole I will adjust the distribution.

Re-grading Policy

Any grade requests for the exams and assignments must be **submitted in writing within three days** after the graded exam or assignment is returned in class. Your reasons for objecting to your assigned score should be clearly and specifically stated.

Course WebPage

Course material such as Syllabi, handouts, assignments and other resources will be distributed through Blackboard (<http://courses.utexas.edu/>), and students are required to download class materials on their own.

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

The McCombs School of Business has no tolerance for acts of scholastic dishonesty. The responsibilities of both students and faculty with regard to scholastic dishonesty are described in detail in the Policy Statement of Scholastic Dishonesty for the McCombs School of Business:

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.

Course Outline

The dates when material will be covered are subject to change, and changes will be announced in advance.

Mon, Jul 11:	Introduction <i>Readings: Ch. 1-4</i>
Tue, Jul 12:	Basic Valuation 1 - Time Value of Money <i>Readings: Ch. 5</i>
Wed, Jul 13:	Basic Valuation 2 - Perpetuities and Annuities <i>Readings: Ch. 6</i>
Thu, Jul 14:	Basic Valuation 3- Applications
Mon, Jul 18:	Valuing Bonds 1 <i>Readings: Ch. 7</i>
Tue, Jul 19:	Valuing Bonds 2 <i>Readings: Ch. 7</i>
Wed, Jul 20:	Valuing Stocks <i>Readings: Ch. 8</i>
Thu, Jul 21:	Review for Exam
Mon, Jul 25:	Exam 1
Tue, Jul 26:	Capital Budgeting 1 <i>Readings: Ch. 9</i>
Wed, Jul 27:	Capital Budgeting 2 <i>Readings: Ch. 10</i>
Thu, Jul 28:	Capital Budgeting 3 <i>Readings: Ch. 11</i>
Mon, Aug 1:	Risk and Return <i>Readings: Ch. 12</i>
Tue, Aug 2:	Portfolio Theory: CAPM 1 <i>Readings: Ch. 13</i>
Wed, Aug 3:	Portfolio Theory: CAPM 2 <i>Readings: Ch. 13</i>
Thu, Aug 4:	Capital Budgeting under Uncertainty <i>Readings: Ch. 15</i>

- Mon, Aug 8: **Overview of Corporate Financing**
Readings: Ch. 16
- Tue, Aug 9: **Capital Structure Theory 1**
Readings: Ch. 17
- Wed, Aug 10: **Capital Structure Theory 2**
Readings: Ch. 17
- Thu, Aug 11: **Review of Course**
- Mon, Aug 15: **Final Exam**