

COURSE SYLLABUS
Business Finance, Fall 2015
 FIN 357 (03680), Tuesday, Thursday 8:00am-9:30am UTC 4.132

Course Essentials

Professor: Robert C. Duvic, Ph.D.
 Distinguished Senior Lecturer
Office: GSB 5.176D
Office Hours: Tuesday, Thursday, Noon to 1pm and by appointment
TA: TBA

Required Materials/Actions:

Textbook: Berk and DeMarzo, *Corporate Finance: The Core 3rd edition*, Boston, MA., Pearson 2014. There are several options, e-text or hard copy etc. Be sure that the one you select includes access to Myfinancelab.com. Do not go with a trial version. It will run out and you will lose your work and credit for it.

Calculator with finance functions: HP 10B II + is strongly suggested.

Establish a Myfinancelab Account: Instructions can be found on the last page of this syllabus. You will need your email address, the course ID and an access code that came with the version of the text you purchased.
 FIN 357 (03680) Course ID: duvic58232

Demonstrate competency in accounting and time value of money basics:

Please take special note. The material in chapter 2 sections 1-5 (financial statements, cash flow and taxes) and chapter 4 sections 1 and 2 (basic TVM concepts) are considered review. They will not be covered in class. If possible before our first class but no later than 11:59 pm on Sept. 5 you need to read both chapters 2 and 4, then complete the accounting review and the TVM review assignments available on Myfinancelab. These assignments are intended to help you gauge your level of preparedness for this class. Successful completion of any question will earn you .5 point (total of 10 points) on Exam I (2.5 for the accounting material and 7.5 for the TVM material). **THIS IS NOT EXTRA CREDIT ON EXAM I, IT REPRESENTS 10/100 POINTS.** Additional support to help you master TVM basics and calculator operations is available during the first two weeks of class in the form of several 1.5 hour workshops (dates, time and location listed below). In addition the Finance Lab offers tutoring throughout the semester, see time and places below.

<u>Event</u>	<u>Time</u>	<u>Dates</u>	<u>Room</u>
TVM Workshop	5-6:30 or 6:30-8:00pm	Sept. 1-3	UTC 3.134
Finance Lab MTW	5-8 pm	Sept. 8- Dec. 2	CBA 4.330
	12 noon- 2:00 pm	Sept. 8- Dec. 2	CBA 4.112AN*

*Room Nu in the Reliant Productivity Center

Suggested Reading Materials:Wall Street JournalBusiness WeekFortune MagazineThe EconomistThe Financial Times**Course Description and Objectives:**

Finance 357 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 basic tools that every business student will need to be successful in her/his chosen career. 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.

PART I. INTRODUCTION

1. The Corporation
2. Introduction to Financial Statement Analysis
3. The Law of One Price and Financial Decision Making

PART II. TIME, MONEY, AND INTEREST RATES

4. The Time Value of Money
5. Interest Rates
6. Valuing Bonds

PART III. VALUING PROJECTS AND FIRMS

7. Investment Decision Rules
8. Fundamentals of Capital Budgeting
9. Valuing Stocks

PART IV. RISK AND RETURN

10. Capital Markets and the Pricing of Risk
11. Optimal Portfolio Choice and the Capital Asset Pricing Model
12. Estimating the Cost of Capital
13. Investor Behavior and Capital Market Efficiency

PART V. CAPITAL STRUCTURE

14. Capital Structure in a Perfect Market
15. Debt and Taxes
16. Financial Distress, Managerial Incentives, and Information
17. Payout Policy

PART VI. ADVANCED VALUATION

18. Capital Budgeting and Valuation with Leverage
19. Valuation and Financial Modeling: A Case Study

Part VII. Options (supplied by instructor)

20. Financial Options

Conduct of the Course and Academic Requirements:

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 in the course schedule (next to last page of this syllabus) distributed on the first day of class. Both the syllabus and course schedule are available on Canvas. 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 and detailed below. The university approved +/- grading system will be used.

Homework 5%

Quizzes 10%

Valuation Exercise 5%

Exam I: 25%,

Exam II: 25%

Exam III: 30%

The grading guidelines for McCombs undergraduate classes recommends a range of 3.0-3.2 for business core courses. Historically the numerical cut off for each letter grade was as follows. The actual cut off will depend on overall class performance, i.e. history may or may not repeat itself in this regard.

A : 94+

A-: 90 -93

B+: 92-89

B : 88-85

B- : 84-81

C+: 80-77

C : 76-73

C- : 72-69

D+: 68-65

D : 64-61

D- :60-57

F : less than 57

Exams: The exams will multiple choice covering both problems and concepts. Exam III is not comprehensive and will have the same time allotment as Exams I and II. Exams can be reviewed after they have been graded. The method of review will be announced in class. Common evening exams are scheduled for all FIN 357 sections have been posted and confirmed to present no conflicts with other exams on the undergraduate dean's master evening exam list. Make up exams are offered for the following limited and compelling reasons:

- UT course conflict, please provide a copy of your course schedule.
- Participation by a scholarship athlete in an intercollegiate athletic event, please provide a letter from the Athletic Department documenting your participation. Note team practice is not a compelling reason.
- Conflict with a University recognized religious holy day.
- Documented medical illness or personal injury approved by [Student Emergency Services](#). Register your situation with UT's [Student Emergency Services](#), they will ask you for proof. Instruct them to email the professor with their decision.

With the exception of the illness and injury reasons students should notify the professor of their situation and present the documentation on or before September 11, 2015. Dates for both the exams and the makeup exams are listed below locations will be announced in class.

Exam 1: September 23, 6-8 pm

Makeup Exam 1: September 25, 3-5 pm

Exam 2: October 28, 6-8 pm

Makeup Exam 2: October 30, 3-5 pm

Exam 3: December 3, 6-8 pm

Makeup Exam 3: December 4, 3-5 pm

Quizzes 10%:

Class questions 5%: Students will be called on in class to answer questions. See Course Policies for details.

Online quizzes 5%: There will be two online quizzes conducted through Canvas. See Course Policies for details.

Homework: Homework assignments in this class come in two forms, required and optional.

Required 5%: Six sets of required problems are available on Myfinancelab. Students must complete 5 of the 6 sets on or before the due date and time. The assignments are not graded, but are judged on completion. Home Work Assignments dates are provided in the course schedule and due no later than midnight on the day assigned. The accounting and TVM Myfinancelab assignments are not part of the six homework sets.

Optional problems are listed on the Canvas under “Suggested Problems”

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

Policies Affecting the Course **University**

Students with Disabilities

Students with disabilities may request appropriate academic accommodations from the Division of Diversity and Community Engagement, Services for Students with Disabilities, 512-471-6259, <http://www.utexas.edu/diversity/ddce/ssd/>. **If you are eligible for academic accommodations you MUST inform the instructor two weeks prior to the first assignment affected by the accommodation (for example first quiz or exam). Refer to notification deadlines below.**

Exam Academic Accommodation Notification Deadlines:

Exam 1- September 9, 2015

Exam 2- October 14, 2015

Exam 1- November 19, 2015

Religious Holy Days

By UT Austin policy, you must notify me of your pending absence at least fourteen days prior to the date of observance of a religious holy day. If you must miss a class, an examination, a work assignment, or a project in order to observe a religious holy day, you will be given an opportunity to complete the missed work within a reasonable time after the absence.

Policy on 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 BBA Program’s Statement on Scholastic Dishonesty at <http://www.mcombs.utexas.edu/BBA/Code-of-Ethics.aspx>. By teaching this course, I have agreed to observe all faculty responsibilities described in that document. By enrolling in this class, you have agreed to observe all student responsibilities described in that document. If the application of the Statement on Scholastic Dishonesty to this class or its assignments is unclear in any way, it is your responsibility to ask me for clarification. 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, the integrity of the University, and the value of our academic brand, policies on scholastic

dishonesty will be strictly enforced. You should refer to the Student Judicial Services website at <http://deanofstudents.utexas.edu/sjs/> to access the official University policies and procedures on scholastic dishonesty as well as further elaboration on what constitutes scholastic dishonesty.

Campus Safety

Please note the following recommendations regarding emergency evacuation from the Office of Campus Safety and Security, 512-471-5767, <http://www.utexas.edu/safety>:

- Occupants of buildings on The University of Texas at Austin campus are required to evacuate buildings when a fire alarm is activated. Alarm activation or announcement requires exiting and assembling outside.
- Familiarize yourself with all exit doors of each classroom and building you may occupy. Remember that the nearest exit door may not be the one you used when entering the building.
- Students requiring assistance in evacuation should inform the instructor in writing during the first week of class.
- In the event of an evacuation, follow the instruction of faculty or class instructors.
- Do not re-enter a building unless given instructions by the following: Austin Fire Department, The University of Texas at Austin Police Department, or Fire Prevention Services office.
- Behavior Concerns Advice Line (BCAL): 512-232-5050
- Further information regarding emergency evacuation routes and emergency procedures can be found at: <http://www.utexas.edu/emergency>.

Classroom Policies

Exams: Alternate exam dates are not an option. Conflicts between the scheduled exams and other academic, personal or work requirements should be resolved by the student. Exams I, II, and III are scheduled in the evening (see course schedule for dates and location) and have been posted and confirmed to present no conflicts with other exams on the undergraduate dean's master evening exam list. Exam III is not comprehensive and will have the same time allotment as Exams I and II. The make-up time for Exam I or Exam II will begin at the conclusion of the time allotted for Exam III. Exams can be reviewed after they have been graded. The method of review will be announced in class.

Calculators: 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.

Other Policies:

- Talking during lecture is not permitted. It is disruptive to other class members and the instructor. Thank you for your cooperation in this matter.
- Please silence your cell phone, IPAD, or any other electronic device. You get one free ring the first week of class. After that it is \$5/ring with all proceeds going to a charity chosen by the class. NO TEXTING IN CLASS except when instructed to respond to a Learning Catalytics activity. Unauthorized texting can be interpreted as a form of cheating.
- If you miss a class, it is your responsibility to determine what was covered including any administrative announcements. Expect that some of the material covered on exams will not be in the text. Hence, you are urged to attend class regularly.
- 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.

- Office hours for both the instructor and the TA change during the semester to accommodate unforeseen circumstances. Such changes will be announced in class and /or posted on the web site. Additional hours will be scheduled during exam weeks.
- 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.

Class Schedule

The dates in this schedule are approximate and will be adjusted as appropriate during the semester.

Part I: Introduction to the Corporation and economic decision making

Aug 27	1	Chapter 1: The Corporation
Sept 1	2	Chapter 2: Introduction to Financial Statement Analysis
Sept 3	3	Chapter 3: Financial Decision Making and the Law of One Price
Sept 6		Homework 1 due

Part II: Time, Money and Interest rates

Sept 8	4	Chapter 4: The Time Value of Money
Sept 10	5	Chapter 5: Interest Rates
Sept 15	6	Chapter 6: Valuing Bonds
Sept 17	7	Chapter 6: Valuing Bonds (Continued)
Sept 21		Homework 2 due
Sept 22	8	Catch up and Review

Wednesday, Sept 23 Exam 1

Part III: Valuing Projects and Firms

Sept 24	9	Chapter 7: Investment Decision Rules
Sept 29	10	Chapter 8: Fundamentals of Capital Budgeting
Oct 1	11	Chapter 8: Fundamentals of Capital Budgeting (Continued)
Oct 6	12	Chapter 9: Valuing Stocks
Oct 7		Homework 3 due

Part IV: Risk and Return

Oct 8	13	Chapter 10: Capital Markets and the Pricing of Risk
Oct 13	14	Chapter 11: Optimal Portfolio Choice and the Capital Asset Pricing Model
Oct 15	15	Chapter 11: Optimal Portfolio Choice and the Capital Asset Pricing Model (Continued)
Oct 20	16	Chapter 12: Estimating the Cost of Capital
Oct 22	17	Chapter 12: Estimating the Cost of Capital (Continued)
Oct 26		Homework 4 due
Oct 27	18	Catch up and Review

Wednesday, Oct 28 Exam 2

Oct 29	19	Chapter 13: Investor Behavior and Capital Market Efficiency
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Part V: Capital Structure

Nov 3	20	Chapter 14: Capital Structure in a Perfect Market
Nov 5	21	Chapter 15: Debt and Taxes
Nov 9		Homework 5 due
Nov 10	22	Chapter 16: Financial Distress, Managerial Incentives, and Information
Nov 12	23	Chapter 16: Financial Distress, Managerial Incentives, and Information (Continued)
Nov 17	24	Chapter 18: Capital Budgeting and Valuation and Leverage
Nov 19	25	Chapter 19: Valuation and Financial Modeling: A Case Study
Nov 24	26	Chapter 17: Payout Policy
Nov 26		Thanksgiving
Nov 30		Homework 6 due

Part VI: Using the opportunity cost

Dec 1	27	Introduction to options
Dec 3	28	Exam 3

Pearson's MyLab & Mastering Student Registration Instructions

To register for **Fin 357 Business Finance - 8am 03680**:

1. Go to www.pearsonmylabandmastering.com.
2. Under Register, select **Student**.
3. Confirm you have the information needed, then select **OK! Register now**.
4. Enter your instructor's course ID: [duvic58232](#), and **Continue**.
5. Enter your existing Pearson account **username** and **password** to **Sign In**.
You have an account if you have used a Pearson product, for example: MyMathLab, MyITLab, MyPsychLab, MySpanishLab or Mastering, such as MasteringBiology.
If you don't have an account, select **Create** and complete the required fields.
6. Select an access option.
Use the access code that came with your textbook or that you purchased separately from the bookstore.
Buy access using a credit card or PayPal account.
If available, get 14 days temporary access. (The link is near the bottom of the screen.)
7. From the confirmation page, select **Go To My Courses**.
8. On the My Courses page, select the course tile **Fin 357 Business Finance - 8am 03680** to start your work.

To sign in later:

1. Go to www.pearsonmylabandmastering.com.
2. Select **Sign In**.
3. Enter your Pearson account **username** and **password**, and **Sign In**.
4. Select the course tile **Fin 357 Business Finance - 8am 03680** to start your work.

To upgrade temporary access to full access:

1. Go to www.pearsonmylabandmastering.com.
2. Select **Sign In**.
3. Enter your Pearson account **username** and **password**, and **Sign In**.
4. Select **Upgrade access** from the course tile **Fin 357 Business Finance - 8am 03680**.
5. Enter an access code or purchase access with a credit card or PayPal account.
For a registration overview, go to www.pearsonmylabandmastering.com/students/get-registered. Scroll down to **Need a little help?** and select a video.