



Course Syllabus

FIN 357 Business Finance, Fall 2016

Unique 03735: MW 2:00-3:30 p.m., UTC 1.130

Unique 03750: MW 3:30-5:00 p.m., UTC 1.130

Section 1. Course Objective

Welcome to Business Finance! FIN 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 and provides basic tools that every business student will need to be successful in his or her chosen career.

Section 2. Contact Information

Professor: Heidi Toprac
Office: CBA 2.232
Office Hours: Tuesdays from 1:00 to 4:00 p.m., and by appointment
Email: heidi.toprac@mcombs.utexas.edu
TAs: Abhishek Agarwal and Patrick Coleman (See Canvas for office hours and contact information.)

Feel free to drop in unannounced during our office hours. Otherwise, email is the best way to reach us. Please bear in mind that the federal student privacy policy (FERPA) prohibits us from discussing grade-related information via telephone or email. If any of us needs to change our office hours, it will be announced during class and on Canvas.

Section 3. Tools & Materials

Text: We will be using **Corporate Finance: Core Principles and Application**, 4th edition, by Ross, Westerfield, Jaffe & Jordan, published by McGraw-Hill. There are several purchase options regarding the format of the text:

1. Hardcover book + Connect access: \$226.65 at the Co-op
2. Looseleaf book + Connect access: \$153.35 at the Co-op
3. All digital (eBook + Connect access): \$110.00 at Connect online
4. All digital (option 3) plus a looseleaf book: \$170.00 at Connect online

Connect: We will be using Connect for all homework assignments. To get started, go to the FIN 357 Canvas page and click on the link called "McGraw-Hill Connect." Detailed instructions are in the Syllabus module on Canvas. For assistance, click on "Help" in the upper-right hand corner of the screen, or call (800) 331-5094.

Calculator: You will need a calculator that can perform financial functions (eg. N, I, PV, PMT, FV). The HP 10B II + is strongly suggested for Finance majors. The TI 83-Plus (or higher) is acceptable for all other majors. You will not be allowed to

use a cell phone or online financial calculator during an exam, nor will you be allowed to share your calculator with another student during an exam.

Canvas: All course materials will be posted on Canvas. I will use a merged Canvas site for both sections of the course that I am teaching this semester. This may allow students in the other section to see that you are enrolled in the course and send you email from within Canvas. However, they will not actually learn your email address and no other personal data will be revealed through Canvas. If you have any concerns, please contact the ITS Help Desk at 475-9400 for help removing your name from view of other students.

Email: From time to time, I may need to email you. The communications policy in the General Information Catalog states: "Electronic mail (e-mail), like postal mail, is a mechanism for official University communication to students. The University will exercise the right to send e-mail communications to all students, and the University will expect that e-mail communications will be received and read in a timely manner." You can verify and/or update your email address here: https://utdirect.utexas.edu/apps/utd/all_my_addresses/

Periodicals: It is highly recommended that you begin (or continue) the lifelong process of remaining abreast of business impacts of current events. Suggested reading includes *The Wall Street Journal* and *The Financial Times* (both are daily newspapers), and *The Economist*, *Business Week*, and *Fortune* magazines. Instructions for subscribing at reduced student prices will be posted on Canvas.

Section 4. Prerequisites

To remain enrolled in FIN 357, you must have successfully completed STA 309 or 309H, and have completed or registered for ACC 312 or 312H, and B A 324 or 324H. Students lacking these prerequisite will be dropped. If you have concerns or issues, please visit the McCombs BBA Program Office, CBA 2.400, for assistance.

In addition, you must demonstrate competency in the basics of accounting and time value of money. The financial reporting information in chapter 2 and the introduction to time value of money (TVM) in chapter 4 are both considered review. These topics will not be covered in class. By the date noted in the Course Schedule (Section 14 of this syllabus) you must complete the assignments on Connect entitled "Acctg Review" and "TVM Review." These assignments are intended to help you gauge your level of preparedness for this class.

Section 5. Support Resources

During the second week of the semester, a 90 minute TVM workshop will take place to help you master financial calculator operations and TVM basics. The workshop will be repeated multiple times. If you wish to attend, please arrive a few moments before the scheduled start time.

Throughout the entire semester, the Finance Lab offers drop-in tutoring and assistance with homework. Feel free to come and go as needed whenever the Finance Lab is open.

Event	Dates	Times	Location
TVM Workshop	Aug 29, 30 and 31	5:00-6:30 & 6:30-8:00 p.m.	UTC 4.122
Finance Lab	Every Mon, Tue & Wed, from Sep 6 to Nov 30	5:00 to 8:00 p.m.	CBA 4.324
Finance Lab	Every Mon, Tue & Wed, from Sep 6 to Nov 30	12:00 noon to 2:00 p.m.	CBA 4.112AN

Section 6. Grading

Your grade in this course will be determined by your performance on the following:

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| • Exams: Exams 1 and 2 @ 25%; Exam 3 @ 30% | 80% |
| • Exercises: at 5% each (Exercise #3 to be completed during class) | 15% |
| • Homework: 5 highest (out of 6 possible) assignments @ 1% each | <u>5%</u> |
| Course Total | <u>100%</u> |

The McCombs grading guidelines recommend a GPA range from 3.0 to 3.2 for undergraduate business core courses. Historically, the cut-off for each letter grade was as shown below. The actual cut-off will depend on overall class performance. In other words, past performance is not a guarantee of future results. The university approved +/- grading system will be used.

A	93-100%	B-	80-82%	D+	67-69%
A-	90-92%	C+	77-79%	D	63-66%
B+	87-89%	C	73-76%	D-	60-62%
B	83-86%	C-	70-72%	F	0-59%

Make-up or extra work to improve your grade is not possible. Your final letter grade will be determined by the criteria set forth above.

Section 7. Exams

All students taking FIN 357 this semester will take common exams on the dates noted in the course schedule. Exams will begin at 6:30 p.m. and end at 8:30 p.m. Locations will be announced during class. The Finance department has confirmed that these evening exams do not conflict with any other exams on the Dean's master list of undergraduate evening exams.

There will be three exams in this course. Each exam will be multiple choice, and will include both concept- and calculation-based questions. All material covered in the course, including readings from the text, readings from supplementary materials, class discussions, and review, required and suggested homework are subject to examination.

Each exam will be non-comprehensive; that is, each will cover only the material related to that section. However, the material will build on itself as we proceed through the semester.

After they have been graded, exams can be reviewed during my office hours.

Make up exams are offered only for the following reasons:

- A conflict with another UT course,
- Participation in an intercollegiate athletic event,
- A conflict with a University-recognized religious holy day,
- A medical event (such as illness or injury) documented by [Student Emergency Services](#).

If you have any circumstance other than a medical emergency that will necessitate taking a make-up exam, you must notify me and provide appropriate documentation no later than Friday, September 9th. Make-up exam dates are listed below.

- Make-up Exam 1: Friday, September 23rd, 6:30-8:30 p.m.
- Make-up Exam 2: Friday, October 28th, 6:30-8:30 p.m.
- Make-up Exam 3: Date and time to be arranged.

Section 8. Homework

Review: There are two review assignments on Connect, entitled Acctg Review and TVM Review. The assignments are not graded, but completion of the assignments is required for you to continue in the course.

Required: There are six sets of required problems on Connect, entitled HW1, HW2, HW3, etc. The assignments are graded, but you have unlimited attempts at each assignment. For each attempt, you will be provided a new set of values for each problem. Only your highest score for each assignment will be posted in the gradebook. Your lowest score (out of 6 assignments) will be dropped.

Due dates are provided in the course schedule and Connect. Assignments are due by 11:59 pm (one minute before midnight) on the due date.

Suggested: The more problems you work, the greater your likelihood of success. In addition to the review and required problems, additional practice is available in Connect as "Suggested Problems." These problems will not be graded.

Section 9. Exercises

Three separate exercises will enable you to demonstrate your *Excel* modelling skills. The first two can be completed outside of class; the third must be completed during class. Details will be provided during class. If you are absent on the date of the in-class case and your absence is not substantiated by Student Emergency Services, you may, at my convenience, be given a new case to complete in my office. The highest possible score for a make-up case is 50%.

Section 10. 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, and you have provided proper advance notice, you will be given an opportunity to complete the missed work within a reasonable time after the absence.

Section 11. Students with Disabilities

Students with disabilities may request appropriate academic accommodations from the Division of Diversity and Community Engagement, Services for Students with Disabilities (SSD), 512-471-6259, <http://diversity.utexas.edu/disability/>. If you are eligible for academic accommodations you must present your SSD letter to me at least two weeks before you intend to employ the accommodation. Academic accommodation notification deadlines are below:

- Exam 1: September 7, 2016
- Exam 2: October 12, 2016
- Exam 3: November 21, 2016

Section 12. Academic Integrity

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 on Scholastic Dishonesty for the McCombs School of Business](#). By teaching this course, I have agreed to observe the faculty responsibilities described in that document. By enrolling in this class, you have agreed to observe 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. 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. Refer to the [Student Judicial Services website](#) 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.

Section 13. Campus Safety

Loaded guns are now permitted in UT classrooms. However, no guns are allowed in my office. Because I am prohibited from asking whether you have a gun, no purses, bags, backpacks, large jackets or coats, or any other items that might conceal a gun are allowed in my office. Leaving a gun unattended (as it would be, if left outside my office) is against the law. Plan accordingly.

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

- *If an alarm is activated, we are required to exit the building. Please follow my instructions.*
- *Familiarize yourself with all exit doors. Remember that the nearest exit door may not be the one you used when entering the building.*
- *Students requiring assistance in evacuation should inform me via email immediately.*
- *Do not re-enter a building unless given instructions to do so by the Austin Fire Department, or the University of Texas at Austin Police Department or Fire Prevention Services.*
- *Concerns? Call the Behavior Concerns Advice Line (BCAL) at 512-232-5050.*
- *Further information regarding emergency evacuation routes and emergency procedures can be found at: <http://www.utexas.edu/emergency/>."*

Section 14. Course Schedule

	Day	Date	Topic and/or Activity	Reading	Required	Suggested	
August	Wed	24	Introduction Introduction to Corporate Finance	Syllabus Chapter 1			
	Mon	29	Financial Statements & Cash Flow Financial Statement Analysis & Models	Chapter 2 Chapter 3	2,6,8	Yacht case 1-3*	
	Wed	31	Discounted Cash Flow Valuation	Chapter 4	13-16,19,28,32	23,25,26,33,41	
September	Thu	1	Acctg Review & TVM Review Due				
	Sun	4	HW1 Due				
	Mon	5	Labor Day Holiday: No class meeting				
	Wed	7	Interest Rates and Bond Valuation	Chapter 5	1,2,5,6,8	3,4,13,17,20	
	Mon	12	Interest Rates and Bond Valuation Exercise 1 Due	Chapter 5			
	Wed	14	Stock Valuation	Chapter 6	1,2,4,5,15	7,9,11,12,16	
	Mon	19	Stock Valuation HW2 Due	Chapter 6			
	Wed	21	No class meeting. Exam 1, 6:30-8:30 p.m., location TBD				
	Mon	26	NPV & Other Investment Decision Rules	Chapter 7	1,7,10,12	16,19,25	
	Wed	28	Making Capital Investment Decisions	Chapter 8	3,7,8	1,2,10,22	
October	Mon	3	Making Capital Investment Decisions	Chapter 8			
	Wed	5	Risk Analysis, Real Options, Cap Budgets HW3 Due	Chapter 9	3,4,8	9,10,13	
	Mon	10	Risk & Return: Lessons from Mkt History	Chapter 10	1,2,3,7	9,12,14,15	
	Wed	12	Risk & Return: The CAPM	Chapter 11	1,2,5,10,12	4,8,11,14,17,18	
	Mon	17	Risk & Return: The CAPM Exercise 2 Due	Chapter 11			
	Wed	19	Risk, Cost of Capital & Valuation	Chapter 12	1,2,5,6,11	3,4,7-9,12,15,19,20	
	Mon	24	Risk, Cost of Capital & Valuation HW4 Due	Chapter 12			
	Wed	26	No class meeting. Exam 2, 6:30-8:30 p.m., location TBD				
	Mon	31	Efficient Capital Markets & Behavior	Chapter 13		1-14*	
November	Wed	2	Capital Structure: Basic Concepts	Chapter 14	1,3,4,12,14	6,8,10,16-19	
	Mon	7	Capital Structure: Basic Concepts HW5 Due	Chapter 14			
	Wed	9	Capital Structure: Limits to Use of Debt	Chapter 15	1,2,3	6,8	
	Mon	14	Mutual Funds				
	Wed	16	Exercise 3 Due Entirely during class				
	Mon	21	Dividends and Other Payouts	Chapter 16	1,2,5,6	4,7,10,13	
	Wed	23	Thanksgiving Holiday: No Class Meeting				
	Mon	28	Options and Corporate Finance	Chapter 17	1,2		
Wed	30	Raising Capital HW6 Due	Chapter 19	1,4			
Mon	5	No Class meeting. Exam 3, 6:30-8:30 p.m., location TBD					