



FIN 320F Foundations of Finance, Fall 2017

Unique #03585: MW 8:00 – 9:30, UTC 2.102A

Unique #03590: MW 9:30 – 11:00, UTC 2.102A

Section 1. Objective

Welcome to Foundations of Finance! The purpose of this course is to help you develop a basic understanding of the US financial system, corporate finance, and financial investments.

Section 2. Contact Information

Professor: Heidi Toprac

Office: CBA 2.232

Office Hours: Mondays and Wednesdays from 2:00 to 4:00 p.m., and by appointment

Email: heidi.toprac@mcombs.utexas.edu

TAs: Nicole Liu and Steve Oladimeji

Please refer to the “Announcements” on Canvas for your TAs’ office hours and contact information.

Feel free to drop in unannounced during office hours. Otherwise, email is the best way to reach us. Bear in mind that the federal student privacy law (FERPA) prohibits us from discussing your grades via telephone or email. I will keep your graded exams in my office for you to review during my office hours.

Section 3. Prerequisites

If you have concerns or issues regarding pre-requisites, please visit the McCombs BBA Program Office, located in CBA 2.400, for assistance.

Section 4. Tools & Materials

iClicker: We will be using the iClicker Classic remote student response system to check homework each day. You have two purchase options: buy a standalone clicker device, or buy the application and install it on your smartphone or computer.

- If you choose to use a standalone iClicker device as your clicker, you must buy a new or used iClicker, iClicker+ or iClicker 2, and **register your clicker number on Canvas**. To do so, go to the FIN 320F Canvas page, select “i>Clicker” from the left-hand menu bar, and click on “i>clicker Registration.” Enter your clicker number and click “Register.” If you get a new clicker any time after the 2nd class day, register it on Canvas and email me your name,

eid, unique number, and clicker number. You will receive points for all of the “clicks” sent by your new clicker, effective as of the date that your clicker is registered and your email to me has been sent.

- If you choose to use your smartphone or computer as your clicker, you must purchase and download the Reef polling application, and enter your EID in the “student ID” field of your Reef profile. You can find the iClicker Reef application in the App Store or Google Play by searching for "iClicker," "Reef Polling," or "iClicker Reef." To download to a computer, visit <https://app.reef-education.com/#/account/create>. For assistance, see <https://community.macmillan.com/docs/DOC-7349-how-students-create-and-register-a-reef-account>. **All risks related to wireless connectivity (or lack thereof) will be borne by you.**

Whether you choose a standalone device or your smartphone/computer, be prepared to use your clicker on the 2nd day of class.

You are not allowed to share a clicker with, or borrow a clicker from, anyone currently enrolled in FIN 320F. Allowing another student in this course to use your clicker, or using the clicker of another student in this course, or simply **having more than one clicker in your possession is a violation of UT academic integrity rules**. Violators will earn an F in the course and will be reported to Student Judicial Services. Infractions will be reported by UT to any graduate schools to which you may apply. Additional penalties may also be imposed.

See Section 6 for further details about our use of the iClicker system.

- Text:** We will be using CFIN, written by Scott Besley and Eugene Brigham, published by Cengage. Any edition of the book is fine. The newest editions of the book (CFIN 4 & 5) have more practice problems at the end of each chapter than the older editions do. If you choose to purchase the optional access code, you can access both the eBook and a wealth of study materials online. From the FIN 320F Canvas page, click on the link called Cengage Online and follow the instructions.
- Calculator:** You need a calculator that can perform finance functions (e.g. PV, PMT, IRR). My favorite is my *TI-83 Plus* graphing calculator (if you press the “APPS” key, you can turn it into a financial calculator). Visit <http://www.tvmcalcs.com> for a great resource on learning how to use a financial calculator. You may not use a cell phone or any other communications device as your calculator during exams.
- Batteries:** Bring AAA batteries to class each day to support your clicker and calculator.
- Canvas:** All course materials will be posted on Canvas. As noted in Section 8, all materials are protected by copyright. Inappropriate “sharing” will be subject to both academic and legal penalties.
- 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/

Section 5. Grades

Your grade in this course will be determined by your performance on homework and exams.

- Exams: 3 highest exams (out of 4 possible, including the final) @ 30% each 90%
- Homework: Submitted daily; the 5 lowest days will be dropped 10%
- Course Total 100%

Check Canvas each day to ensure your grades are correct. If you suspect an error in grading, contact me within 1 week of the date that the exam or homework assignment was due. Exam scores will be posted on Canvas within 24 hours of each exam. Homework scores will be posted daily. Grade-related issues that are not resolved within 1 week of the due date will be subject to a penalty, as follows: after 1 week, your score will be reduced by 25%. After 2 weeks, your score will be reduced by 50%. After 3 weeks, the disputed item is no longer eligible for credit.

Final grades are standards-based, rather than norms-based, so there is no need for a curve. Final grades will be assigned as indicated in the table below.

| From | To | Grade | Grade Points | |
|------|-----|-------|--------------|--|
| 93 | 100 | A | 4.00 | The lowest passing grade is a D-. In other words, you must earn a total course score of at least 60% to pass FIN320F. |
| 90 | 92 | A- | 3.67 | |
| 87 | 89 | B+ | 3.33 | You must take a minimum of three exams to pass FIN 320F. |
| 83 | 86 | B | 3.00 | |
| 80 | 82 | B- | 2.67 | Standard rounding rules apply: total course scores ending in .5 and higher will be rounded up to the next whole number; total course scores ending in .4 and lower will be rounded down. |
| 77 | 79 | C+ | 2.33 | |
| 73 | 76 | C | 2.00 | |
| 70 | 72 | C- | 1.67 | |
| 67 | 69 | D+ | 1.33 | FIN320F may not be taken pass/fail if you are seeking the Business Foundations Program minor or certificate. See http://www.mcombs.utexas.edu/business-foundations . |
| 63 | 66 | D | 1.00 | |
| 60 | 62 | D- | 0.67 | |
| 0 | 59 | F | 0.00 | |

Section 6. Homework

Finance is, in many respects, an applied math class. As in most math classes, you will have daily homework. Assignments will be posted on Canvas. We will spot-check your answers each day using the iClicker student response system. For example, during class on Wednesday, August 30th, we will discuss Unit 1.0. After class, go to Canvas, download the homework for Unit 1.0 and answer the questions—either on paper or on your computer. During class on Wednesday, September 6th, you will use your clicker to enter your answers to selected Unit 1.0 questions.

Questions that have a correct answer will be worth two points: one point for showing up to class and answering the question, and one point for selecting the correct answer. Questions with no correct answer (e.g. opinion questions) will be worth one point. When calculating the homework portion of your total course score, your 5 lowest homework days (which, combined, equate to more than 20% of your total homework score) will be dropped.

If you forget your clicker or if your clicker runs out of batteries, or if you are using iClicker Reef and you cannot connect to the internet, you will miss the points for that day. **There are no make-up opportunities for missed homework.** If you cheat—for example, if you use a clicker that is registered to someone else, or if you arrange for a classmate to enter your answers on your behalf—you will be subject to serious penalties, up to and including expulsion from the University. Please see Section 4 for more information.

Section 7. Exams

The exams in this course are designed to measure how well you have synthesized the concepts learned in class. There will be three in-class exams—one for each section of the course. Each exam will be non-comprehensive; that is, each exam will cover only the material related to that section. Bear in mind, however, that the material will build on itself as we progress through the semester. There will also be an optional final exam during the final exam period, after the semester is over. The final exam will be comprehensive; that is, it will cover all of the material from the entire semester. **Your goal is to avoid the final exam.**

Each exam will have 33 multiple-choice questions (each worth 3 percentage points), plus 1 free bonus point. Everything in your text, on Canvas and distributed and/or discussed in class is subject to examination. Bring pencils, calculator(s), extra batteries and picture ID to each exam. If you forget your calculator or if it runs out of batteries during an exam, you can rent a calculator for the duration of the exam. The rental fee is one exam question.

A formula sheet, which will be posted on Canvas, will also be attached to each exam.

All exams and bubble sheets will be collected at the end of each exam period, **whether or not you have finished recording your answers.** If you take your exam in a section other than the one in which you are registered, a 10-point penalty (the equivalent of one letter grade) will be deducted from your exam score. If any manual processing of your exam is required because, for example, you mis-bubbled your name, eid number or test form letter, or made unreadable smudges or stray marks on your bubble sheet, **a 3-point penalty** (the equivalent of one exam question) will be deducted from your exam score **for each item** that must be manually processed.

You must take three exams to pass the course. If you miss an exam—because of illness, an accident, family issues, a funeral, a job interview, a sporting event, etc.—the final exam will serve as your make-up exam. **The comprehensive final exam is the one and only make-up exam for the entire semester.** It, too, will have 33 multiple-choice questions and 1 free bonus point. The lowest one of your four exam scores will be dropped when computing your final course grade. This means that if you are satisfied with your overall course score at the end of the semester, and you have already taken three exams, you can skip the final exam.

The final exam will be a uniform final; that is, students from both sections of FIN 320F will be taking the final exam together. The dates and times of uniform finals are determined by the Registrar very late in the semester—usually three weeks before the last class day. As soon as the Registrar has posted the date and time for our final, I will announce it in class and on Canvas. In past semesters, our final exam has occurred on the last day of finals week. If that holds true this semester, our final exam will occur at 7:00 pm on Wednesday, December 20th. I cannot make exceptions to the final exam schedule, regardless of your travel, wedding, surgery, job, family, etc. arrangements. Again, your goal is to avoid the final exam.

The Registrar will also schedule a make-up final exam. This make-up final exam time is available **only** to those students who have another final exam scheduled at the same time as our uniform final exam. The make-up final is not for students who have already purchased plane tickets, scheduled a job interview, agreed to attend a wedding, or planned any other sort of event that conflicts with the uniform final exam. I cannot make exceptions; please do not ask me to do so.

Section 8. Academic Integrity

All materials in this course are protected by copyright. Uploading copyrighted materials to course sharing websites such as CourseHero, GradeBuddy, Koofers, etc. is not only an academic integrity issue, it is also against the law. All such actions will be reported to Student Judicial Services, and may result in both academic and legal penalties. The legal penalty for copyright infringement is a minimum of \$200 per document, plus the infringer must pay for all attorney fees and court costs.

The McCombs School of Business has no tolerance for acts of scholastic dishonesty. Relevant responsibilities of both students and faculty 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 for more information.

Section 9. 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 10. 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://diversity.utexas.edu/disability/>.

Section 11. Religious Holy Days

I relied on the [Interfaith Calendar](#) to avoid conflicts with major religious and cultural holidays. If you miss a homework assignment due to a religious holiday, we will simply drop that day when computing your homework score. Regarding exams, UT policy says "you must notify me of your pending absence at least fourteen days prior to the date of observance of a religious holy day."

Section 12. Course Schedule

Please be advised that this schedule is subject to change. *See Canvas for exact page numbers.

| | Day | Date | Unit | Topic and/or Activity | Reading* | Due |
|-----------|-----|---------------|---------------|---|------------|-----|
| Aug | Wed | 30 | 1.0 | Introduction to FIN 320F Introduction to Section 1: The Financial System | Syllabus | -- |
| | Mon | 4 | -- | <i>Labor Day Holiday: No Class Meeting</i> | | |
| September | Wed | 6 | 1.1 | Financial Instruments: Debt | Chapter 6* | 1.0 |
| | Mon | 11 | 1.2 | Financial Instruments: Equity | Chapter 7* | 1.1 |
| | Wed | 13 | 1.3 | Financial Markets & Participants | Chapter 3* | 1.2 |
| | Mon | 18 | 1.4 | Measuring Performance | | 1.3 |
| | Wed | 20 | 1.5 | Mutual Funds | | 1.4 |
| | Mon | 25 | 1.6 | The Federal Reserve | | 1.5 |
| | Wed | 27 | 1.7 | Determinants of Interest Rates | Chapter 5* | 1.6 |
| October | Mon | 2 | 1.8 | Yield Curves and Risk Premiums | | 1.7 |
| | Wed | 4 | Exam 1 | | | |
| | Mon | 9 | 2.0 2.1 | Introduction to Section 2: Financial Analysis Business Organization | Chapter 1* | -- |
| | Wed | 11 | 2.2 | Income Taxes | | 2.1 |
| | Mon | 16 | 2.3 | Financial Reporting | Chapter 2* | 2.2 |
| | Wed | 18 | 2.4 | Ratio Analysis | | 2.3 |
| | Mon | 23 | 2.5 | Forecasting | | 2.4 |
| | Wed | 25 | 2.6 | Additional Financial Analysis | | 2.5 |
| | Mon | 30 | 2.7 | The Capital Asset Pricing Model | Chapter 8* | 2.6 |
| Wed | 1 | Exam 2 | | | | |

| | Day | Date | Unit | Topic and/or Activity | Reading* | Due |
|-----------------|------------|-----------|-------------------------------------|---|--------------------|-----|
| November | Mon | 6 | 3.0 3.1 | Introduction to Section 3: Time Value of Money Compounding | Chapter 4* | -- |
| | Wed | 8 | 3.2 | Discounting | | 3.1 |
| | Mon | 13 | 3.3 | Amortization | | 3.2 |
| | Wed | 15 | 3.4 | Bond & Stock Valuation | Chapters 6* & 7* | 3.3 |
| | Mon | 20 | 3.5 | Capital Budgeting: Identifying Cash Flows | Chapters 9* & 10* | 3.4 |
| | Wed | 22 | -- | <i>Thanksgiving Holiday: No Class Meeting</i> | | |
| | Mon | 27 | 3.6 | Capital Budgeting: Project Valuation | | 3.5 |
| | Wed | 29 | 3.7 | Capital Budgeting: Alternate Methods | | 3.6 |
| December | Mon | 4 | 3.8 | Capital Structure | Chapters 11* & 12* | 3.7 |
| | Wed | 6 | 3.9 | Conclusion and Evaluation | | 3.8 |
| | Mon | 11 | Exam 3 | | | |
| | Tue | 20 | Potential Date of Final Exam | | | |