

COURSE SYLLABUS
Business Finance, Spring 2016
 03325 MW 8:00-9:30, UTC 1.132
 03340 MW 9:30-11:00, UTC 1.132
 03355 MW 11 :00-12:30, GSB 2.122

Course Essentials

Professor: J. David Miller

Office: GSB 5.124D

Office Hours: Mondays 2:00-3:30, Wednesdays 1:00-2:30

Email : david.miller@mcombs.utexas.edu

Required Materials/Actions:

Textbook: Berk and DeMarzo, *Corporate Finance: The Core 3rd edition*, Boston, MA., Pearson 2014. There are several options, etext 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 03325 8:00AM Course ID: miller46413

FIN 357 03340 9:30AM Course ID: miller85965

FIN 357 03355 11:00AM Course ID: miller49303

PLEASE BE CERTAIN TO REGISTER FOR THE CORRECT SECTION!!!

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 the date indicated on the course schedule. 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. 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 pm	Jan. 20,21,25,26	UTC 4.122
Finance Lab M	5-8 pm	Jan 26-May 4	UTC 1.116
TW	5-8 pm	Jan 26-May 4	UTC 1.130
MTW	12 noon- 2:00 pm	Jan 26-May 4	CBA 4.112AN

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, quizzes and valuation exercise. Consequences for missing an exam, quiz or valuation exercise 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 Modeling: a required in class 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 : 93+

A-: 90 -92

B+: 87-89

B : 83-86

B- : 80-82

C+: 77-79

C : 73-76

C- : 70-72

D+: 67-69

D : 63-66

D- : 60-52

F : less than 59

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](#) or other [area hospital](#). 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 any course conflict, athletic participation, or recognized religious holy day conflict and present the documentation on or before February 3.

Dates for both the exams and the makeup exams are listed below, locations will be announced in class. **Exams last from 6:30-8:30, plan to arrive no later than 6:15.** Detailed instructions will be distributed before each exam.

Exam 1: February 15

Makeup Exam 1: February 19, 3-5:00 pm

Exam 2: March 30

Makeup Exam: April 1, 3-5:00 pm

Exam 3: May 4

Makeup Exam 3: May 6, 3-5:00 pm

Quizzes 10%: Quizzes are administered in class (approximately 20 minutes.) and consist of 10 questions/problems. Three quizzes will be given. There are no make ups for the quizzes, however only the best 2 of 3 scores will be counted.

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

Required 5%: Seven sets of required problems are available on Myfinancelab. Students must complete the Accounting/TVM exercise and 5 of the 6 remaining sets on or before the due date and time.

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

Valuation Modeling: a required in class exercise: Valuation is a key component to all aspects of finance. Excel modeling is the best venue to express traditional valuation models. On the date scheduled in the course schedule you will be required to independently complete an excel model and receive a grade based on your results. **Students that miss the class when the exercise was scheduled for reasons other than illness** (travel plans, interview schedule, etc.) have one option. After the class exercise date (not before), at the professors convenience, you may arrange to complete the exercise. **The most credit you can receive is 50% for a correct answer and less for an incomplete answer consistent with the grading scale for the in class exercise.**

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- February 1, 2016

Exam 2- March 11, 2016

Exam 3- April 20, 2016

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

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.

FIN 357 Homework and Suggested Problems Map

<u>Chapter</u>	<u>MyFinLab</u>	<u>Homework</u>	<u>Suggested</u>
AcctRev	Chp2	4,10,13,14,20	
TVMRev	Chp4	1-15	
1	HW 1	6,7	1,11,15
2	HW 1	30,36,42	28,33,39
3	HW 1	1,2,6,9,12,15	4,7,10,11,14,
4	HW 2	11,14,16,19,22,32,36,46	12,13,20,29,31,34,37
5	HW 2	2,3,9,13,22,26,28,34,39	3,10,14,18,20,36
6	HW 2	1,2,3,7,10,28	4,6,11,14,29
7	HW 3	1,2,5,15,19,21,29	3,6,14,24,25,30,31
8	HW 3	1,4,6,12	2,3,8,9,13,18
9	HW 3	1,2,5,8,13,24	3,6,10,12
10	HW 4	2,4,5,7,26,37	16,20,22,26,29,30,33
11	HW 4	1,9,12,16,21,34,48	2,4,10,17,22
12	HW 4	1,4,10,14,18	2,5,15,19,20
13	HW 5		1,3,5,6,8,14,16
14	HW 5	1,3,5,13	2,4,6,9,10,13
15	HW 5	1,6,10,25	3,8,11,16
16	HW 6	1,4	3,5,8,11,16a,19,27
17	HW 6	2,5,31	3,7,21,29,33,34
18	HW 6	1,4,8	6,12
19	HW 6		
20	HW 6		1,2,3,4,5,6,7,

To register for MyFinanceLab, go to <https://registration.mypearson.com/> and enter the code for your section. Please make sure that you use the code for the section of the course that you are registered for.

You will also be asked for your access code that came with your book. If you don't have one, you will be able to purchase one.