



## Course Syllabus

**Business Finance, Spring 2017**

**FIN 357 (03415) TTH 8:00-9:30, UTC 1.146**

**FIN 357 (03430) TTH 9:30-11:00, UTC 1.146**

**FIN 357 (03450) TTH 12:30-2:00, UTC 1.130**

**FIN 357 (03465) TTH 2:00-3:30, UTC 1.130**

**Professor:** J. David Miller

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**Office:** GSB 5.124D

**Office Hours:** Tuesdays 3:30-5:00, Thursdays from 11:00-12:30 and by appointment

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.

Feel free to drop by my office hours without an appointment. Office hours are great for questions about the course, majors, careers, resumes, internships, other classes and anything else you would like to discuss. Outside of office hours, email is usually the best way to reach me.

## Course Materials

**Textbook:** 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 page on Canvas 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.

**Calculators:** You will need a calculator that can perform financial functions (eg. N, I, PV PMT, FV). The HP 10B II + is strongly recommended. Problem examples during lecture will be demonstrated using both formulas and the HP 10B II+. 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. In addition to a financial calculator, graphing calculators can also be used during exams.

**Canvas:** All PowerPoint slides used in this course will be posted on Canvas. I highly recommend that you print each set of slides and bring them to class for note taking. Please check the email address that you have enabled in Canvas. When I send emails or announcements to the class, I will use Canvas and the emails will be delivered to the email account you have established in Canvas.

**Periodicals:** Maintaining an understanding of current events is extremely important in the business world and will be very helpful when you begin interviewing for internships and full-time positions. Periodicals such as *The Wall Street Journal* and *The Financial Times*, *The Economist* and *Forbes* are some of the most popular business news sources. I highly recommend that you spend time every day or week reading some of these business news sources. Greatly discounted student rates are available on many of these periodicals and I will post subscription information on Canvas.

**LearnSmart:** Connect also provides access to an adaptive learning tool called LearnSmart. This tool is a terrific way to approach your **first** reading of each Chapter. More information about LearnSmart will be provided during class. Your LearnSmart results will not be graded.

## Finance 357 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.

## Grading

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

- |   |             |
|---|-------------|
| • Exams: Exams 1 and 2 @ 25%; Exam 3 @ 30%                          | 80%         |
| • Quizzes: Three quizzes with the lowest quiz grade dropped         | 10%         |
| • Homework: 13 highest (out of 15 possible) assignments             | 5%          |
| • Valuation Exercise: Excel-based case to be completed during class | <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 employed.

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.

## 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. All material covered in the course, including readings from the text, readings from supplementary materials, class discussions, all of the end-of-Chapter "Concept Questions," and all of the end-of-Chapter "Questions and Problems" 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, January 27<sup>th</sup>**. Make-up exam dates are listed below; the times will be announced later.

- Make-up Exam 1: Friday, February 17<sup>th</sup>
- Make-up Exam 2: Friday, March 31<sup>st</sup>
- Make-up Exam 3: Friday, May 5<sup>th</sup>

## Quizzes

Quizzes are given in class, take 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.

## 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.

## 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** Refer to notification deadlines below.

### Exam Academic Accommodation Notification Deadlines:

- Exam 1: Monday, January 30<sup>th</sup>
- Exam 2: Friday, March 10<sup>th</sup> (to accommodate spring break)
- Exam 3: Wednesday, April 19<sup>th</sup>

## 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 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>.

## Course Schedule

	Day	Date	Topic and/or Activity	Reading	Required Homework	
January	Tue	17	Introduction to FIN 357 Introduction to Corporate Finance	Syllabus Ch. 1		
	Thu	19	Financial Statements & Cash Flow	Ch. 2	1, 2, 3, 4, 7, 14, 18, 20	
	Tue	24	Financial Statements Analysis & Financial Models	Ch. 3	2, 3, 6, 8, 11, 14, 16, 17	
	Thu	26	Discounted Cash Flow Valuation	Ch. 4	13, 19, 28, 32, 33, 41, 49	
	<b>Sun</b>	<b>29</b>	<b>Required Homework Due on Connect: Ch 2 &amp; Ch 3</b>			
	Tue	31	Discounted Cash Flow Valuation, continued	Ch. 4		
February	Thu	2	Interest Rates and Bond Valuation	Ch. 5	4, 5, 6, 8, 15, 17, 19, 21	
	<b>Sun</b>	<b>5</b>	<b>Required Homework Due on Connect: Ch 4</b>			
	Tue	7	Interest Rates and Bond Valuation, continued	Ch. 5		
	Thu	9	Optional Exam 1 Review Session			
	Sun	12	<b>Required Homework Due on Connect: Ch 5</b>			
	<b>Mon</b>	<b>13</b>	<b>Exam 1 (Evening exam. Location TBA.)</b>			
	Tue	14	Stock Valuation	Ch. 6	1, 4, 5, 13, 15, 18, 22, 31	
	Thu	16	Stock Valuation, continued	Ch. 6		
	Tue	21	Net Present Value & Other Investment Rules	Ch. 7	1, 2, 4, 5, 7, 15, 17, 18	
	Thu	23	NPV & Other Investment Rules, continued	Ch. 7		
<b>Sun</b>	<b>26</b>	<b>Required Homework Due on Connect: Ch 6</b>				
Tue	28	Making Capital Investment Decisions	Ch. 8	1, 2, 3, 6, 7, 8, 10, 21		
March	Thu	2	Making Capital Investment Decisions, continued	Ch. 8		
	<b>Sun</b>	<b>5</b>	<b>Required Homework Due on Connect: Ch 7</b>			
	Tue	7	Risk Analysis, Real Options & Capital Budgeting	Ch. 9	1, 2, 3, 4, 8, 10, 22, 23	
	Thu	9	Risk & Return: Lessons from Market History	Ch. 10	1, 2, 7, 10, 12, 17, 22, 23	
	<b>Sun</b>	<b>12</b>	<b>Required Homework Due on Connect: Ch 8 &amp; Ch 9</b>			

April	Tue	14	<i>Spring Break</i>		
	Thu	16	<i>Spring Break</i>		
	Tue	21	Risk & Return: The Capital Asset Pricing Model	Ch. 11	1, 2, 6, 10, 12, 18, 25, 27
	Thu	23	Risk & Return: The CAPM, continued	Ch. 11	
	<b>Sun</b>	<b>26</b>	<b><i>Required Homework Due on Connect: Ch 10</i></b>		
	<b>Tue</b>	<b>28</b>	Optional Exam 2 Review Session <b><i>Required Homework Due on Connect: Ch 11</i></b>		
	<b>Wed</b>	<b>29</b>	<b>Exam 2 (Evening exam. Location TBA.)</b>		
	Thu	30	Risk, Cost of Capital & Valuation	Ch. 12	1, 2, 5, 6, 11, 13, 17, 19
	Tue	4	Efficient Capital Markets & Behavioral Challenges	Ch. 13	None
	Thu	6	Capital Structure: Basic Concepts	Ch. 14	1, 3, 6, 7, 12, 14, 19, 25
	<b>Sun</b>	<b>9</b>	<b><i>Required Homework Due on Connect: Ch 12</i></b>		
	Tue	11	Capital Structure: Basic Concepts, continued	Ch. 14	
	Thu	13	Capital Structure: Limits to the Use of Debt	Ch. 15	1, 2, 3, 4, 6, 7, 8
	<b>Sun</b>	<b>16</b>	<b><i>Required Homework Due on Connect: Ch 14</i></b>		
Tue	18	Dividends and Other Payouts	Ch. 16	5, 6, 8, 9, 11, 13, 14, 15	
<b>Thu</b>	<b>20</b>	<b>In-Class Valuation Exercise</b>			
<b>Sun</b>	<b>23</b>	<b><i>Required Homework Due on Connect: Ch 15 &amp; Ch 16</i></b>			
Tue	25	Raising Capital	Ch. 19	1, 2, 4, 5, 6, 7, 8, 9	
Thu	27	Options (Sections 17.1 through 17.4 only)	Ch. 17	None	
<b>Sun</b>	<b>30</b>	<b><i>Required Homework Due on Connect: Ch 19</i></b>			
May	Tue	2	Optional Exam 3 Review Session		
	<b>Wed</b>	<b>3</b>	<b>Exam 3 (Evening exam. Location TBA.)</b>		