



FIN 357 Business Finance, Spring 2018

02835: MW 2:00-3:30 p.m., UTC 1.146

02850: MW 3:30-5:00 p.m., UTC 1.146

Review session: F 11 a.m.-noon, UTC 3.112

Course Syllabus

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: Aaron Pancost

Office: CBA 6.268

Office Hours: Mondays from 8:00 to 10:00 am

Email: aaron.pancost@mcombs.utexas.edu

TAs: Iman Dolatabadi and Jae Chung (See Canvas for office hours and contact information)

Feel free to drop in unannounced during our office hours. At other times, email is the best way to reach us. The federal student privacy policy (FERPA) prohibits us from discussing grade-related information via telephone or email.

The TAs will hold a **review session on Fridays from 11 a.m. to noon in UTC 3.112**. Please save your questions specifically related to the homework for this session; I will not go over homework questions in class.

Section 3. Tools & Materials

Text: We will be using **Corporate Finance: Core Principles and Applications**, 5th edition, by Ross, Westerfield, Jaffe & Jordan, published by McGraw-Hill. You may choose from several options regarding the format of the text:

1. Hardcover book + Connect access + eBook: \$253.35 at the Co-op
2. Looseleaf book + Connect access + eBook: \$160.00 at the Co-op
3. Looseleaf book + Connect access + eBook: \$175.00 at Connect online
4. Connect access + eBook: \$115.00 at Connect online

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

Clicker: We will be using the iClicker Classic remote student response system during class each day. You can use new or used iClicker, iClicker+ or iClicker2, all of which are available at the Co-op and online. **You must register your clicker on Canvas** and start bringing it to class by the 2nd day of class. To register your clicker on Canvas, go to the FIN 357 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.

You are not allowed to share a clicker with, or borrow a clicker from, anyone currently enrolled in any section of FIN 357 that I teach. 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 the University’s academic integrity rules.**

Calculator: You will need a calculator that can perform financial functions (e.g. N, I, PV, PMT and 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.

Email: 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. Visit the BBA Program Office, CBA 2.400, for assistance.

Section 5. Tutoring

The Finance Tutoring Center will offer free drop-in homework help throughout the semester. The detailed schedule will be posted on Canvas.

Section 6. Grading

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

- Exams: 3 exams @ 25% each 75%
- Connect Homework: The lowest 2 percentage scores will be dropped 5%
- Daily iClicker Quizzes: The lowest 5 percentage scores will be dropped 5%
- *Excel*-based cases to be completed outside of class 10%
- Valuation Exercise: *Excel*-based case to be completed during class 5%
- Course Total 100%

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.

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%

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. 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. Exam 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. All material covered in the course, including readings from the text, readings from supplementary materials, class discussions, end-of-chapter "Concept Questions," and 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 in my office, during my office hours.

Make up exams are offered for only the following reasons:

- A conflict with another UT course,
- Participation in a University-sponsored 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 this semester, you must notify me and provide appropriate documentation **no later than Friday, Friday, January 26th**. Make-up exam dates are listed below.

- Make-up Exam 1: 3:00 to 5:00 pm, on Friday, February 16th, in CBA 4.328
- Make-up Exam 2: 3:00 to 5:00 pm, on Friday, March 30th, in CBA 4.328
- Make-up Exam 3: 3:00 to 5:00 pm, on Friday, May 4th, in SZB 296

Section 8. Connect

Homework: At the end of each chapter of your text, there are several “Concept Questions,” as well as many computational “Questions and Problems.” Several of the latter problems have been assigned as required homework in Connect, entitled “Ch 2,” “Ch 3,” etc. The assignments are graded, but you will be allowed unlimited attempts. For each attempt, you will be provided a new set of values. Only your highest score for each assignment will be posted in the gradebook on Canvas. The percentage scores on your lowest 2 assignments will be dropped.

Homework is due in Connect by 11:59 pm (one minute before midnight) on the due date. Due dates are provided in the Course Schedule at the end of this syllabus, as well as in Connect. Homework is usually due on a Sunday, with the exception of Ch 11, which is due on a Tuesday. After their due dates, the homework problems will remain available to re-work for additional practice.

LearnSmart: Connect also provides access to an adaptive learning tool called LearnSmart. This tool is an excellent 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.

Section 9. iClicker Quizzes

There will be a quiz each day during class. You will submit your answers using your iClicker handheld device. You will earn 2 point for each correct answer that you submit, and 1 point for each incorrect answer. If you do not submit an answer, you will earn 0 points.

Section 10. *Excel*-based Cases

Three separate cases will enable you to demonstrate your *Excel* modeling skills. The first two can be completed outside of class; the third (the Valuation Exercise described below) must be completed during class. Details will be provided during class.

Section 11. Valuation Exercise

Near the end of the semester, you will be provided with the opportunity to demonstrate your understanding of many FIN 357 concepts via an integrative valuation exercise. This exercise must be completed during class, using *Excel*. You must have a computer with you during class to

complete the exercise. If necessary, you can rent a computer from the Media Services desk on the 3rd floor of McCombs. For practice using your *Excel* skills, refer to both Connect and, if you are a McCombs major, Lynda.com. If you are absent on the day of the in-class valuation exercise 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%. Details will be announced during class.

Section 12. 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 before or after the absence.

Section 13. 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, during my office hours**, at least two weeks before you intend to employ the accommodation. **Notification deadlines** are below:

- Exam 1: Monday, January 29th
- Exam 2: Wednesday, March 7th
- Exam 3: Wednesday, April 18th

Section 14. Academic Integrity

All materials in this course are protected by copyright. Uploading copyrighted materials to course sharing websites such as CourseHero, GradeBuddy, 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 minimum academic penalty is a full course grade reduction, e.g. from A to B. The legal penalty for copyright infringement is a minimum of \$200 per document, plus all attorney fees and court costs related to the case.

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 15. 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 16. Course Schedule

	Day	Date	Topic and/or Activity	Reading	Required Homework	
January	Wed	17	Introduction to FIN 357 Introduction to Corporate Finance	Syllabus Chapter 1		
	Mon	22	Financial Statements & Cash Flow	Chapter 2	1-5, 7, 14, 15, 17-20, 23	
	Wed	24	Financial Statements Analysis & Financial Models	Chapter 3	1, 2, 4-6, 8, 9, 14	
	Fri	26	<i>Deadline to Request Make-up Exam 1, 2 or 3</i>			
	Sun	28	Required Homework Due on Connect: Ch 2 & 3			
	Mon	29	Discounted Cash Flow Valuation <i>Deadline to Request Exam 1 SSD Accommodations</i>	Chapter 4	1-9, 11, 13, 19, 25-28, 34-37	
	Wed	31	Discounted Cash Flow Valuation, continued	Chapter 4		
February	Sun	4	Required Homework Due on Connect: Ch 4			
	Mon	5	Interest Rates and Bond Valuation	Chapter 5	1-4, 7-14, 16, 17, 19, 20	
	Wed	7	Interest Rates and Bond Valuation, continued	Chapter 5		
	Sun	11	Required Homework Due on Connect: Ch 5			
	Mon	12	Exam 1: 6:30 to 8:30 pm. Location TBA. Optional review session during class time.			
	Wed	14	Stock Valuation	Chapter 6	1, 4, 5, 7, 10, 13, 15, 18, 22	
	Mon	19	Stock Valuation, continued	Chapter 6		
	Wed	21	Net Present Value & Other Investment Rules	Chapter 7	1, 2, 4, 5, 7-10, 12-14, 17	
Sun	25	Required Homework Due on Connect: Ch 6				

	Mon	26	NPV & Other Investment Rules, continued	Chapter 7		
	Wed	28	Making Capital Investment Decisions	Chapter 8	1-4, 7, 10, 11	
March	Sun	4	Required Homework Due on Connect: Ch 7			
	Mon	5	Making Capital Investment Decisions, continued	Chapter 8		
	Wed	7	Risk Analysis, Real Options & Capital Budgeting	Chapter 9	1-4, 10, 22	
	Mon	12	<i>Spring Break: No Class Meeting</i>			
	Wed	14	<i>Spring Break: No Class Meeting</i>			
	Sun	18	Required Homework Due on Connect: Ch 8 & 9			
	Mon	19	Risk & Return: Lessons from Market History	Chapter 10	1-4, 7-12, 17, 22	
	Wed	21	Risk & Return: The Capital Asset Pricing Model	Chapter 11	1-3, 5, 6, 10-15, 23	
	Sun	25	Required Homework Due on Connect: Ch 10			
	Mon	26	Risk & Return: The CAPM, continued	Chapter 11		
	Tue	27	Required Homework Due on Connect: Ch 11			
	Wed	28	Exam 2: 6:30 to 8:30 pm. Location TBA. Optional review session during class time.			
	April	Mon	2	Risk, Cost of Capital & Valuation <i>Q-drop Deadline</i>	Chapter 12	1, 2, 5, 6, 10-13, 17, 19
Wed		4	Efficient Capital Markets & Behavioral Challenges	Chapter 13	None	
Sun		8	Required Homework Due on Connect: Ch 12			
Mon		9	Capital Structure: Basic Concepts	Chapter 14	12-15, 18, 25	
Wed		11	Capital Structure: Basic Concepts, continued	Chapter 14		
Sun		15	Required Homework Due on Connect: Ch 14			
Mon		16	Capital Structure: Limits to the Use of Debt	Chapter 15	1, 3, 4	
Wed		18	Dividends and Other Payouts	Chapter 16	2-6	
Sun		22	Required Homework Due on Connect: Ch 15 & 16			
Mon		23	In-Class Valuation Exercise			
Wed		25	Raising Capital	Chapter 19	4-7	
Sun		29	Required Homework Due on Connect: Ch 19			
Mon		30	Options (Sections 17.1 through 17.4 only)	Chapter 17	None	
Wed	2	Exam 3: 6:30 to 8:30 pm. Location TBA. Optional review session during class time.				