



Course Syllabus

FIN 357 Business Finance, Spring 2018

Unique 02795: TTh 8:00-9:30 a.m., CBA 4.324

Unique 02810: TTh 9:30-11:00 a.m., CBA 4.324

Section 1. Course Objective

The firm is an economic entity that strives to create wealth. Its success depends on the skills of its managers in making decisions that determine the firm's interaction with its economic environment. This course examines these decisions:

The investment decision: How managers look into an uncertain future and decide what assets the firm will acquire based on their view of their competitive markets.

The financing decision: How managers obtain the capital necessary to purchase the assets they require.

The working capital decision: How managers manage their cash to pay their short-term obligations.

These decisions are made in a market framework. You must therefore understand the major aspects of markets and how they influence these decisions.

Section 2. Contact Information

Professor: Dr. Robert C. Duvic

Office: GSB 5.176D

Office Hours: Tuesday, Thursday from 11:00am to 12:00noon and by appointment

Email: robert.duvic@mcombs.utexas.edu

I am also available by appointment. Please bear in mind that the federal student privacy policy (FERPA) prohibits us from discussing grade-related information via telephone or email.

Section 3. Tools & Materials

Text: We will be using **Corporate Finance: Core Principles and Application**, 5th 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: \$253.35 at the Co-op
2. Looseleaf book + Connect access: \$160.00 at the Co-op
3. Looseleaf book + Connect access: \$175.00 at Connect online
4. eBook + Connect access: \$115.00 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.

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. I've posted a calculator guide in the syllabus module that will be very useful in the course.

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. If you have concerns or issues, please visit the McCombs BBA Program Office, CBA 2.400, for assistance.

Section 5. Tutoring

The Finance Tutoring Center will offer 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:

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|---|-------------|
| • Exams: 3 exams @ 25% each | 75% |
| • Twi Cases, each worth 5% of course grade | 10% |
| • Connect Homework: The lowest 2 percentage scores will be dropped | 5% |
| • Class participation | 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.

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

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 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 5:00pm, 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 scores on your lowest 2 assignments (out of 14 total) 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 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 be available in Connect to re-work for additional practice.

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.

Section 9. Cases/Quizzes

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 10. Class Questions

In each class session I will ask between 10 and 20 questions concerning the material. These questions may be a review of text material, student opinion of a relevant situation, or answer to a quantitative question. These will be asked in a random basis, with the following grades assigned.

2 points: Student correctly answers the question. Some questions directly relate to the class material and the student should know the answer. Other questions seek to develop insights into the materials, or stretch the class beyond the text content, and several answers would be acceptable.

1 point: Student does not provide an acceptable answer.

0 point: Student is not present.

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 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

Say you are in a very serious auto accident. As you are lying in the street your life is in the hands of the Paramedic. While you're going through the normal "Life flashing before your eyes" bit, you might also be thinking: Does she actually know how to stop my massive bleeding, or might she have cheated on her exam?

The only reason you are taking this course is to gain skills that you can use to benefit your employer. As with Austin-Travis County Emergency Medical Services, Tito's Handmade Vodka, etc. any organization will hire only those who will help the organization accomplish its goals. The real test of an education thus occurs not in a quiz or assignment, but rather in its use by the graduate.

Markets are very good at sorting out true value. To ensure that the reputation of our graduates in professional employment markets remains strong, McCombs has a straight-forward policy on ethics and academic integrity that supports The University's Code of Conduct.

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

“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 15: Course Schedule

Class	Date	Chapter	Topic or Activity
1	Jan 16	1	Introduction to Corporate Finance
2	Jan 18	2	Financial Statements and Cash Flow
3	Jan 23	3	Financial Stmt. Analysis & Models
4	Jan 25	4	Discounted Cash Flow Valuation
5	Jan 30	4	Discounted Cash Flow Valuation (Continued)
6	Feb 1	5	Interest Rates and Bond Valuation
7	Feb 6	5	Interest Rates and Bond Valuation (Continued)
8	Feb 8		Catch up and review
	Feb 12		Exam 1 Evening Exam
9	Feb 13	6	Stock Valuation
10	Feb 15	6	Stock Valuation
11	Feb 20	7	Net Present Value and Other Investment Rules
12	Feb 22	7	Net Present Value and Other Investment Rules (Continued)
13	Feb 27	8	Making Capital Investment Decisions
14	Mar 1	8	Making Capital Investment Decisions (Continued)
15	Mar 6	9	Risk Analysis, Real Options and Capital Budgeting
16	Mar 8	10	Risk & Return: Lessons from Market History
	Spring Break		
17	Mar 20	11	Risk & Return: The Capital Asset Pricing Model
18	Mar 22	11	Risk & Return: The Capital Asset Pricing Model (Continued)
19	Mar 27		Catch up and review
	Mar 28		Exam 2 Evening Exam
20	Mar 29	12	Risk, Cost of Capital and Valuation
21	Apr 3	13	Efficient Capital Markets and Behavioral Challenges
22	Apr 5	14	Capital Structure: Basic Concepts
23	Apr 10	14	Capital Structure: Basic Concepts (Continued)
24	Apr 12	15	Capital Structure: Limits to the Use of Debt
25	Apr 17	16	Dividends and Other Payouts

26	Apr 19		Valuation Modeling: Required in-class exercise
27	Apr 24	19	Raising Capital
28	Apr 26	17	Options and Corporate Finance (Sections 17.1 through 17.4)
29	May 1		Catch up and review
	May 2		Exam 3 Evening Exam

Section 15: Homework Schedule

Date	Chapter	Questions
Sunday, January 28	2	1-5, 7, 14, 15, 17-20, 23
	3	1, 2, 4-6, 8, 9, 14
Sunday, February 4	4	1-9, 11, 13, 19, 25-28, 34-37
Sunday, February 11	5	1-4, 7-14, 16, 17, 19, 20
Sunday, February 25	6	1, 4, 5, 7, 10, 13, 15, 18, 22
Sunday, March 4	7	1, 2, 4, 5, 7-10, 12-14, 17
Sunday, March 18	8	1-4, 7, 10, 11
	9	1-4, 10, 22
Sunday, March 25	10	1-4, 7-12, 17, 22
Tuesday, March 27	11	1-3, 5, 6, 10-15, 23
Sunday, April 8	12	1, 2, 5, 6, 10-13, 17, 19
Sunday, April 15	14	12-15, 18, 25
Sunday, April 22	15	1, 3, 4
	16	2-6
Sunday, April 29	19	4-7