



The University of Texas at Austin
Texas McCombs BBA
McCombs School of Business

Course Syllabus

FIN 357 Business Finance, Spring 2019

Unique 03260 TTh 8:00-9:30am CBA 4.324

Unique 03275 TTh 9:30-11:00am 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

TA: Harshal Zalke (Contact information is in Canvas)

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 **Fundamentals of Corporate Finance**, 12th edition, by Ross, Westerfield & Jordan, published by McGraw-Hill. The loose-leaf version of the textbook, combined with the required Connect Access Code, is ISBN 9781260700831, and is available at the Co-op.

- 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 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 (e.g. N, I, PV, PMT and FV). Both the HP 10B II financial calculator and the TI 83-Plus (or higher) graphing calculator are acceptable. 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

This course is supported by a Peer-Led Undergraduate Studying (PLUS) program, coordinated by the Sanger Learning Center. PLUS study groups provide weekly opportunities to collaboratively practice skills and apply knowledge you need for success in this course. Attending study groups regularly is a great way to ensure that you are keeping up with the material so you don't fall behind. Feel free to attend any study group at any time during the semester; details on times and locations will be posted on Canvas and announced in class. More information about PLUS can be found at <https://www.utexas.edu/ugs/slc/support/plus>.

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% |
| • Two projects, 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%	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 enrolled in FIN 357 will take common exams on the dates noted in the course schedule. Exams will begin at 6:30 pm and end at 8:30 pm. Exam locations will be posted on Canvas and announced during class. The Finance department has confirmed that our 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 problems called "Connect to Finance," "Chapter Review and Self-Test Problems," "Concept Review and Critical Thinking 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 request permission and provide documentation **no later than Monday, February 4th**. Make-up exams will occur on the following dates:

- Make-up Exam 1: Friday, February 22nd
- Make-up Exam 2: Friday, April 5th
- Make-up Exam 3: Friday, May 10th

Section 8: Homework and Additional Online Preparation

Homework: At the end of each chapter of your text, there are a plethora of practice problems. Several of the computational "Questions and Problems" have been assigned as required homework in Connect. The assignments are graded, but you can use the "Check My Work" function before you submit. Your 2 lowest assignment grades 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 24, 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.

Prep Courses: If you are concerned about your *Excel* skills, or your memories of Accounting or Statistics are hazy, take advantage of the preparatory courses in Connect.

Section 9. 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 10: 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 the prep course on Connect and/or 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 11: Religious Holy Days

Many religious and cultural holidays take place during the spring semester. Be sure to submit your homework early to avoid any conflicts. 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 12: 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. Deadlines to request SSD accommodations are below:

- Exam 1: Monday, February 4th
- Exam 2: Monday, March 11th
- Exam 3: Wednesday, April 24th

Section 13: 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 14: 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 22	1	Introduction to Corporate Finance
2	Jan 24	2	Financial Statements, Taxes & Cash Flow
3	Jan 29	3	Working with Financial Statements
4	Jan 31	4	Long term Planning and Growth
5	Feb 5	5	The Time Value of Money
6	Feb 7	6	Discounted Cash Flow Valuation
7	Feb 12	6	Discounted Cash Flow Valuation, continued
8	Feb 14		Review sessions during class time
	Feb 18		Exam 1: 6:30 to 8:30 pm. Location TBA.
9	Feb 19	7	Interest Rates and Bond Valuation
10	Feb 21	7	Interest Rates and Bond Valuation, continued
11	Feb 26	8	Stock Valuation
12	Feb 28	9	Net Present Value & Other Investment Rules
13	Mar 5	10	Making Capital Investment Decisions
14	Mar 7	10	Making Capital Investment Decisions, continued
15	Mar 12	11	Project Analysis and Evaluation
16	Mar 14	12	Lessons from Capital Market History
	March 18-March 22		Spring Break
17	Mar 26		Lessons from Capital Market History, continued
18	Mar 28		Review sessions during class time
	April 1		Exam 2: 6:30 to 8:30 pm. Location TBA.
19	Apr 2	13	Return, Risk and the Security Market Line
20	Apr 4	13	Return, Risk and the Security Market Line, continued
21	Apr 9	14	Cost of Capital
22	Apr 11	14	Cost of Capital, continued
23	Apr 16	15	Raising Capital
24	Apr 18	16	Financial Leverage and Capital Structure Policy
25	Apr 23	17	Financial Leverage and Capital Structure Policy, continued
26	Apr 25		In-Class Valuation Exercise
27	Apr 30	17	Dividends and Payout Policy
28	May 2	24	Options (24.1, 24.2 through page 798)
29	May 7		Review sessions during class time
	May 8		Exam 3: 6:30 to 8:30 pm. Location TBA.

Course deadlines

Feb 22	Deadline to request any make-up exam
Feb 4	Deadline to request Exam 1 SSD accommodations
Mar 11	Deadline to request Exam 2 SSD accommodations
Apr 24	Deadline to request Exam 3 SSD accommodations

Homework Schedule

Date	Chapter	Questions
Sunday, February 3	2	1, 1E, 2, 3, 3E, 4, 4E, 5, 11, 12, 15, 16, 17, 21, 22
	3	3, 4, 5, 5E, 7, 7E, 9, 10, 11, 11E, 13, 26, 27, 29
Sunday, February 10	4	4, 5, 6, 6E, 7, 7E, 8, 9, 12, 13, 13E, 24
	5	1, 2, 2E, 3, 4, 4E, 5, 5E, 8, 11, 13, 18, 20
Sunday, February 17	6	1, 3, 6, 7, 8, 12, 12E, 17, 20, 20E, 21, 24, 24E, 36, 37, 53
Sunday, March 3	7	1, 2, 6, 7, 9, 10, 10E, 12, 13, 19, 20, 20E, 21, 22, 22E
	8	1, 4, 5, 5E, 8, 8E, 12, 15, 15E, 18, 20, 31, 32
Sunday, March 10	9	3, 7, 9, 10, 10E, 11, 11E, 15, 15E, 16, 17, 26
Sunday, March 17	10	1, 2, 4, 6, 7, 7E, 9, 9E, 10, 11, 14, 16, 16E, 19, 21, 23
Sunday, March 24	11	1, 3, 5, 9, 11, 20 (No E)
Sunday, March 31	12	1, 2, 2E, 4, 5, 6, 7, 7E, 9, 10, 15, 16, 16E
Sunday, April 14	13	1, 1E, 2, 3, 6, 9, 11, 13, 13E, 14, 14E, 17
Sunday, April 21	14	1, 2, 2E, 5, 7, 7E, 8, 9, 10, 12, 13, 15, 15E, 16
Sunday, April 28	16	1, 3, 4, 5, 12, 13, 14, 15, 17
Sunday, May 5	17	1, 2, 3, 4, 5, 6
Tuesday, May 7	24	2