



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

FIN 320F Foundations of Finance Spring 2019 03255

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Economic activity

Have you thought of oxygen today? Likely not. But you could not live without oxygen! Like oxygen, markets are in many ways just crucial to you as oxygen, but we usually give markets no more thought than we give life-sustaining oxygen.

The market environment. A market is an economic structure within which individuals and institutions buy and sell goods and services. Your daily life is built on market transactions.

Consumption: Almost everything in your life, from the bed you sleep in and the food you eat to the device (and electricity) you're using to take this course, comes from others: you consume what others produce. You've had a lot of practice in being a consumer.

Production: You can consume only if you obtain wealth—purchasing power— by developing skills that organizations are willing to pay for in the job market. You are thus not only a consumer but also be a producer! Your productive activity will be part of the larger effort of an organization.

Money: Unlike the old time rural doctor who was paid in chickens, your employer will likely pay you with money. Market transactions and values are set in terms of dollars. This means that all decisions are ultimately quantified with money—and here is where Finance comes in.

Finance. Finance answers two market questions:

What is it worth? Economic assets have a value that must be determined.

Do the benefits of an action exceed the cost of taking that action?

While answering these questions in the context of an economic organization called a corporation, we will see that economic decision making skills very much apply to government and nonprofits. The ultimate outcome of our course is that you are able to add value to the organizations that employ you.

Course materials

This syllabus is the formal academic contract between us. Please review the following appendices for the details of the course and let me know if you have any questions.

Our course is supported by McGraw-Hill Connect which uses the SmartBook system incorporating Essentials of Corporate Finance, 9th Edition; Ross, Westerfield, Jordan.

To obtain the course materials go to the Canvas course site and then the first module: “The Course Syllabus: The Fine Print!” Click on the link Course Materials Fee. Then click on “Click HERE to pay your course materials fee”. If you have any difficulties please contact execed@mcombs.utexas.edu.

Appendix A: Meet the Faculty

The Faculty



Dr. Robert C. Duvic

Dr. Robert C. Duvic has been teaching at UT since 1989, lecturing in corporate finance and international finance. He has taught in the regular BBA and MBA programs, and also in the Texas Evening MBA Program, the University Of Texas Center for Lifelong Engineering Education, and in special corporate executive classes. During 1997-2000, he served as Assistant Dean of the Graduate School of Business, The University of Texas at Austin.

Dr. Duvic holds a Doctorate in Finance and a Master of Business Administration in Finance and Management, both from The University of Texas at Austin. He also holds a Master of Science in Transportation Management from the Florida Institute of Technology and a Bachelor of Arts in Political Science from Tulane University. Dr. Duvic's areas of research are corporate capital budgeting, international corporate financial management and international foreign exchange markets.

Among his 30 teaching awards, he is a 2011 recipient of the Regents' Outstanding Teaching Award, given by the University Of Texas Board Of Regents to recognize faculty members at the nine University of Texas System academic institutions who have demonstrated extraordinary classroom performance and innovation in undergraduate instruction. This award is the Board of Regents' highest teaching honor.

Dr. Duvic is a native of New Orleans, Louisiana. He is a Major (retired) in the United States Army Reserve and served with the Americal Division in the Republic of Viet Nam. Outside of his academic life, Dr. Duvic's efforts are devoted to his wife and four cats, restoring his historic home in Hyde Park, and keeping his 1961 MGA running.



Dr. Robert Parrino

Dr. Parrino is the Lamar Savings Centennial Professor of Finance and Director of the Hicks, Muse, Tate & Furst Center for Private Equity Finance. He has been on the finance faculty at the McCombs school since 1992 where he teaches courses in degree and executive education programs, as well as customized courses for executives in financial and non-financial corporations.

Dr. Parrino's research includes work on corporate governance, corporate financial policies, private equity, corporate restructuring, and mergers and acquisitions, as well as research on

private equity markets. He is Associate Editor of the Journal of Corporate Finance and has won numerous awards for teaching and research.

Dr. Parrino holds a B.S. in chemical engineering from Lehigh University, an MBA degree from The College of William and Mary, and M.S. and Ph.D. degrees in applied economics and finance, respectively, from University of Rochester, as well as the Chartered Financial Analyst (CFA) designation. He is co-founder of the Financial Research Association, and was Founding Director of the Hicks, Muse, Tate and Furst Center for Private Equity Finance.

Teaching Assistants

Our Teaching Assistants play a major role in the course. Harshit is our current TA and will help you with administrative and grading issues and your backstroke. Anna is our "TA Emerita", who helped get the course started. Anna is no longer directly working with our course, but you'll see her in many of the videos. She shows that if you do well in Fin 320F you could end up in a career that combines Corporate Communications and Vodka and Austin!

Harshal Zalke



I am a graduate student pursuing M.S in Operation Research and Industrial Engineering at University of Texas at Austin. Starting this Fall, I will pursue my second Master's Degree in Global Policy Studies with a specialization in International Development at the LBJ School of Public Affairs. I am interested in data and its application in the field of policy studies and developmental politics.

Former Course Assistant: Anna Chamness



I am currently living in Austin, Texas and working on the National Events Team within the marketing department of Tito's Handmade Vodka. My primary job is coordinating the Tito's sponsorship with large music festivals and creating an experiential activation for festival goers. My position allows me to live out my dream of traveling for work! The Finance course and Business Foundations program as a whole proved to be extremely valuable in my day-to-day tasks of budgeting, communicating with festival producers from around the country, reading contracts, and developing site plans. In my spare time, I like to live as an Austin tourist attending live music shows, eating delicious food, and hanging out on Town Lake.

Appendix B. Should I take this course?

Finance is an applied discipline: its theories and logic have impact only if they can be converted into decisions measured in terms of dollars and rates of return. In taking this course you're seeking marketable skills that will make you more effective in your profession. The course is also a major investment of your time and money and, given your career goals, you must determine if the cost/benefit analysis is positive!

Reasons for taking this course.

Students who take this course have a myriad of interests and majors, as expressed in our "Introduce Yourself" discussion board from the Spring 2018 Semester.

I'm a junior public health major and planning to go to medical school.

I hope to one day become the head public relations of an NBA team.

I am a Health and Society major and hope to work in the business side of healthcare.

I hope to go to Law School for Family Law after I graduate.

I plan on becoming an art director after I graduate.

My career plan is to work in the archaeology field when I am done with my degree.

I'm currently working as an intern for a non-profit here in Austin and hoping to pursue a career in the non-profit field after graduation.

My long term career goals is to have a data analytics job.

I am very interested at working at the food company in the future... with my Nutrition background.

I'm a senior double majoring in PR and journalism with hopes of working in the music industry,

Direct payoff in marketable skills: While varied, all of these careers share a common theme: they involve organizations that use scarce resources to produce something for other humans. This exchange among humans is called economic activity and is conducted either by allocation determined by government (rationing) or by voluntary interactions in markets, where buyers and sellers exchange economic assets.

Direct payoff in managing money: Your personal wealth will be based not only on your income, but also how you spend it! Should you buy or lease a car? Should you rent a nice apartment or purchase a home and take on a mortgage? How should you manage your student loan? And, very importantly, how can you save for retirement? Our course's financial skills--valuing assets and cost/benefit analysis--are directly transferable to your personal decisions involving money.

Indirect payoff in learning skills. In asking you to identify, organize, and use economic information our course enhances your ability to "teach yourself" and handle new situations. Our course will provide a structure for you to learn, but you must develop in yourself the ability to seek out and use various sources of information. Think about how you would function three or four years after graduation:

If you are not making major decisions, but rather just repeating set, routine actions that someone else has already developed are you really in a value-adding job?

To keep up with your profession you'll engage in professional readings such as The Wall

Street Journal, The New England Journal of Medicine, The Chronicle of Philanthropy, and the National Institute of Justice Journal. With no teacher there to digest and explain would you be able to truly understand the major points of the article and envision how to apply your insights to a changing environment.

Reasons you should not take this course.

The professional focus of the course. We're called the McCombs School of Business for a reason. Fin 320F develops marketable skills that would be expected of graduates possessing a McCombs minor and requires that you integrate important aspects of cash flows and rates of return to make economic decisions. This course is not a general survey course and you should take it only if you are serious about developing these skills. There are many other excellent sources you may use to familiarize yourself with finance without out the sophisticated quantitative analysis involved in our course.

Time involved: Our course will take time and effort. You can't expect to just click through the course. If your summer schedule is already full you should not take this course.

The online nature of the course. Online courses do not suit everyone.

Structure: Going to class four days a week provides a nice structure for your efforts. While our online course has seven major deadlines, students must have confidence in their time-management skills.

Presentation: You will not view lectures where the instructor goes through what will be on the test. Sitting at your device taking this course is similar to sitting in your office—you must dig into the material and build in your own mind connections as you receive information.

Appendix C: What will I study?

Our course is a basic but comprehensive introduction to making economic decisions in markets. All of its elements are related, with each unit building on previous material.

Part I shows how humans, following incentives, create organizations that engage in market activity.

Part II introduces a logical, quantitative system for valuing economic assets and making wealth-increasing decisions.

Part III uses economic valuation techniques to value financial securities.

Part IV uses economic valuation techniques to value non-financial assets such as technology, productive equipment, marketing campaigns, etc.

Part V introduce some broader issues involved in making investments in a global economy.

I encourage you carefully study this outline. It will help you see the big picture prior to diving into the details!

Part I: Economic Activity. Market participants operate in a complex social, legal, political, and behavioral environment. This part introduces the concept of markets in three units.

Unit 1: Human Nature and Economic Activity. All organizations are composed of humans. This unit shows that humans are driven by incentives to maximize their welfare. And humans following incentives make best use of society's scarce resources.

Unit 2: Human Nature and Fairness. Unfortunately, humans seeking their own benefit may trample on the welfare of others. This unit looks at the uneasy trade off between fairness and efficiency.

Unit 3: The Business Firm. Most human activity is group activity. Business are nothing more than groups of humans engaged in economic productive activity.

Part II: Economic Value. The main question in markets is: How much is it worth? The four units of Part II gives you the tools to value any economic asset.

Unit 4: Accounting Value. Accounting statements provide a crucial foundation for economic value. Here we review some accounting relationships from ACC 320F: Foundations of Accounting.

Unit 5: Economic Value: the Basics. This is the most important unit in our course, as it defines economic value and introduces the tools of economic decision making. To keep the focus on the logic of economic value this unit deals with one-period cash flows.

Unit 6: Economic Value: Detailed Cash Flow Analysis. This unit extends economic value to multiple period, and looks for patterns in cash flows that simplify cash flow analysis.

Unit 7: Risk and the Opportunity Cost. Economic value connects the present and the future through a rate of return called the opportunity cost. Calculating the opportunity cost involves estimating the risk of the future cash flows.

Part III: Valuing Financial Securities. Companies, governments, and non-profit entities raise capital by issuing financial securities. The market values of these securities are determined by the investors' view of future cash flows—their economic value!

Unit 8: The Economic Balance Sheet. Corporations must obtain cash to purchase productive assets. This cash comes from retained profits, from borrowing (bonds) or issuing equity (stocks). The relationship between the firm's productive assets and the way those assets are financed—the Economic Balance Sheet—is essential to understand the role of financial securities.

Unit 9: Valuing Bonds. Current bonds outstanding in the world are worth tens of trillions of dollars. Understanding bonds and their risks are essential for understanding the economy and raising capital.

Unit 10: Valuing Equity. A share of stock represents ownership in the company. The stock price is the major connection between the corporation and its stockholders. It is also the primary measure of whether the corporation is achieving the goal of shareholder wealth defined in Unit 3.

Part IV: Valuing Non-financial Assets. Every person and organization does cost-benefit analysis: Is the value of undertaking a project greater than its costs? This unit is a big-time application of the tools from Part II: Economic Value!!

Unit 11: Capital Budgeting Investment Decision Rules. Unfortunately, for some students the earning potential of their college degree is less than its cost! The comparison of future, uncertain cash inflows to the current cash outflow required of the investment is called Net Present Value. We will also use rates of return—specifically the Internal Rate of Return—to gain a different perspective on cost benefit analysis.

Unit 12: Capital Budgeting Cash Flow Analysis. NPV analysis requires estimates of the investment's cash flows and where they occur in time.

Unit 13: Risk and the Cost of Capital. This cost of capital is the discount rate/opportunity cost for corporate projects. This unit takes builds on Unit 7 concept to develop the Weighted Average Cost of Capital (WACC).

Part V: Markets and Money. We depend on markets and market prices to make economic decisions. This final part of our course examines markets as information processors and introduces issues that will help you understand exchange rates and international trade.

Unit 14: Market Efficiency. This unit introduces the Efficient Market Hypothesis, which states that under defined conditions the market price reflects all available information available to investors, and is thus the best measure of economic value. It also presents arguments for and against the existence of market efficiency.

Unit 15: The Global Environment. This unit introduces currency exchange rates and the balance of payments statement to define some of the risks and opportunities of operating in global markets.

D. How are the units organized?

Each of the 15 units of the course contain two or three lessons that focus on a major element of financial decision making.

The storyline:

Our course develops your financial knowledge through the experiences of our protagonist, Dianne Macke, who faces increasingly complex decisions as her career progresses.

We meet Dianne as she works for a non-profit, Helping Hands, where she questions the causes of wealth and of poverty, learns that difficult decisions are not limited to profit-seeking companies, and struggles with ethical conflicts in business

Dianne then moves to Testard Medical Devices, a growing company that faces many decisions in the health care sector.

Towards the end of our course Dianne finds herself working for her cousin at Macke Games Systems where she must manage the risks of operating in different currencies.

The lessons:

Each lesson focuses on a major skill and consists of five elements.

Scenario: The lesson begins with a scenario presenting Dianne and her associates with a situation that previews the main element of the lesson. You are asked to recommend a solution.

Key Concepts: Key Concepts presents a major concept or technique via a combination of videos, explanations and examples.

LearnSmart Assignments: These graded assignments from our SmartBook reinforce the material in the Key Concepts and support your study efforts with adaptive learning technology.

Working Words: Important terms are defined and integrated into working tools to guide your logical and quantitative work.

Applications: The Applications present you with verbal and quantitative questions that allow you to apply what you've learned. They also give you a feel for the questions you'll face in the exams. After answering each item you can click on a link to see the worked out solution. I strongly recommend that you attempt these questions prior to seeing the answer.

Appendix E: What are the graded assignments?

The 1,000 points of our course are spread across over 60 graded assignments. Please look on your grades in these assignments not just as a number but as feedback on how well you have mastered the ability to manage money!

Lessons: The lessons contain in total *Forty-three LearnSmart Assignments*, each worth between 2 and 5 points, totaling 95 points. These integrative, adaptive assignments cover specific chapter sections in our SmartBook. They are adaptive learning assignments that combine study and practice to give you prompt feedback on your understanding of the material. These LearnSmart assignments are graded on completion.

Units: Thirteen of the 15 units end with a *Unit Quiz*, each worth between 30 and 50 points, totaling 445 points. The quizzes consist of verbal and quantitative multiple-choice questions. You are allowed only one attempt on the Unit Quizzes. They are timed exercises: once you begin the clock starts and you must complete them.

Parts: Four parts contain *Projects* totaling 160 points. These projects help connect your career with the skills of financial decision making.

Exams: There are two *exams* consisting of fill-in-the-blank, short essay, and quantitative problems that measure your ability to apply your knowledge of financial decision making.

Exam 1: Units 1 through 7. 150 points. Exam 1 reviews human nature, markets, and business organizational forms. It also consolidates your ability to use time value to make decisions..

Exam 2: Units 9 through 15. 150 points. This second exam reviews valuing financial assets and covers the important area of project evaluation, including project cash flow analysis and issues involved in portfolio management and global business.

A note on the exams: Life is not multiple choice. It is possible to do well on many of the course assignments by using multiple-choice test taking skills. The exams require you to draw on your understanding of the material and be able to apply your understanding to questions and explain your work. The grades on the exams are thus considerably lower than in the multiple choice parts of our course. So, please study for understanding!

Grading

You will benefit not only from the content of our program, but also the reputation of our school. McCombs a professional school with an overt connection to the companies and organizations that operate in our global economy. Our students have a high reputation among recruiters and executives for not only knowledge but also effectiveness: they are able to handle complex decisions in major institutions and operate as managers and leaders, not workers who need frequent guidance. Completing this program will be a significant addition to your resume.

This hard-won reputation has been built by generations of students and faculty and is something we work strongly to preserve. Now, each of you have different motives for taking our course. Some students have plans to operate their own physical therapy business or create a software consulting business and for them our course will be a major guide. Others want to understand more about the organizations they will work in and develop the skills to manage their own finances. And some need three hours of credit and an on-line course looks like an easy way to get them. I certainly recognize and respect that each of you have different motivations for taking this course and differing constraints on your time. However, I must grade on performance, which is measurable and generally based on the amount of time and focus devoted to the course.

The grades in our course are stated in points, not percents. At the end of the semester the total points earned will be converted to percents and letter grades assigned. Here is the standard academic grading scale. The actual course grades will be curved based on the performance of the class.

From	Grade	GPA
94	A	4.00
90	A-	3.67
87	B+	3.33
84	B	3.00
80	B-	2.67
77	C+	2.33
74	C	2.00
70	C-	1.67
67	D+	1.33
64	D	1.00
60	D-	0.67
0	F	0.00

Appendix F: What are the specific assignments and point distribution

Points

Assignments

Unit 1: Human Nature and Economic Activity

Unit 2: Human Nature and the Ethics of Decision Making

Unit 3: Structuring the Business Firm

2	01: CG Unit 3: Lesson 1 LS Assignment
2	02: CG Unit 3: Lesson 2: LS Assignment 1
2	03: CG Unit 3: Lesson 2: LS Assignment 2
40	04: CG Unit 3 Quiz
35	05: IG Project 1: Career Thoughts

Unit 4: The Accounting Value

2	06: CG Unit 4: Lesson 1: LS Assignment
2	07: CG Unit 4: Lesson 2: LS Assignment 1
2	08: CG Unit 4: Lesson 2: LS Assignment 2
2	09: CG Unit 4: Lesson 2: LS Assignment 3
40	10: CG Unit 4 Quiz

Unit 5: Economic Value: The Basics

4	11: CG Unit 5: Lesson 1: Economic Value Assignment
5	12: CG Unit 5: Lesson 3: Economic Decision Making Assignment
40	13: CG Unit 5 Quiz

Unit 6: Economic Value: Detailed Cash Flow Analysis

- 2 14: CG Unit 6: Lesson 1: LS Assignment 1
- 2 15: CG Unit 6: Lesson 1: LS Assignment 2
- 2 16: CG Unit 6: Lesson 1: LS Assignment 3
- 2 17: CG Unit 6: Lesson 2: LS Assignment 1
- 2 18: CG Unit 6: Lesson 2: LS Assignment 2
- 2 19: CG Unit 6: Lesson 2: LS Assignment 3
- 40 20: CG **Unit 6 Quiz**

Unit 7: Risk and the Opportunity Cost

- 2 21: CG Unit 7: Lesson 1: LS Assignment 1
- 2 22: CG Unit 7: Lesson 1: LS Assignment 2
- 2 23: CG Unit 7: Lesson 2: LS Assignment
- 40 24: CG **Unit 7 Quiz**

40 25: IG **Project 2: Your Nest Egg**

150 26: IG **Exam 1**

Unit 8: The Economic Balance Sheet

- 2 27: CG Unit 8: Lesson 1: LS Assignment
- 2 28: CG Unit 8: Lesson 2: LS Assignment 1
- 2 29: CG Unit 8: Lesson 2: LS Assignment 2

Unit 9: Valuing Bonds

- 2 30: CG Unit 9: Lesson 1: LS Assignment 1
- 2 31: CG Unit 9: Lesson 1: LS Assignment 2
- 2 32: CG Unit 9: Lesson 2: LS Assignment 1
- 2 33: CG Unit 9: Lesson 2: LS Assignment 2

40 34: CG **Unit 9 Quiz**

Unit 10: Valuing Stocks

2 35: CG Unit 10: Lesson 1: LS Assignment

2 36: CG Unit 10: Lesson 2: NPV and Wealth Creation Assignment

40 37: CG **Unit 10 Quiz**

40 38: IG **Project 3: Raising Capital**

Unit 11: Capital Budgeting Investment Decision Rules

2 39: CG Unit 11: Lesson 1: LS Assignment 1

2 40: CG Unit 11: Lesson 1: LS Assignment 2

2 41: CG Unit 11: Lesson 2: Assignment: Special Cap Budg. Assn.

2 42: CG Unit 11: Lesson 2: LS Assignment

40 43: CG **Unit 11 Quiz**

Unit 12: Capital Budgeting Cash Flow Analysis

2 44: CG Unit 12: Lesson 1: LS Assignment 1

2 45: CG Unit 12: Lesson 1: LS Assignment 2

2 46: CG Unit 12: Lesson 2: LS Assignment 1

2 47: CG Unit 12: Lesson 2: EAC Assignment

40 48: CG **Unit 12 Quiz**

Unit 13: Risk and the Cost of Capital

2 49: CG Unit 13: Lesson 1: Break-Even Analysis Assignment

2 50: CG Unit 13: Lesson 1: LS Assignment

2 51: CG Unit 13: Lesson 2: LS Assignment

2 52: CG Unit 13: Lesson 2: WACC Assignment

40 53: CG **Unit 13 Quiz**

40 54: IG **Your Capital Budgeting Project**

Unit 14: The Investment Management Framework

2 55: CG Unit 14: Lesson 1: LS Assignment

Unit 15: The Global Environment

2 56: CG Unit 15: Lesson 1: LS Assignment

2 57: CG Unit 15: Lesson 1: BOP Assignment

2 58: CG Unit 15: Lesson 2: LS Assignment

20 59: CG **Unit 15 Quiz**

150 60: IG **Exam 2**

CG: Computer graded

IG: Instructor graded

Appendix G: How can I use the SmartBook?

Everything economic--from inflation rates to the price of energy to the interest on car loans to how much General Electric will get for selling its Lighting Division—is interconnected. Understanding relationships, both quantitative and logical, is the key to making economic decisions. Seeing these connections will help you do better in our course and, more importantly, also provide you with useful skills that will help you in your career.

Memorization is not understanding. An example would be to memorize the following words:

of sea right came rose now upon he out sun the he

You could memorize these random words; however, if instead you were to see a pattern--they are from the poem *The Rime of the Ancient Mariner*--you would find them far more interesting, and it would take you less time, and you would have something of meaning!

The Sun now rose upon the right:
Out of the sea came he,

Like seeing the pattern in the words to this poem, the units in this course will help you make sense of Finance. However, the Key Concepts are not enough! You must take advantage of the insights and study aids contained in the SmartBook..

The Connect course management system

Here's a brief video that uses appalling humor to introduce the Connect system and its two major components, the SmartBook and the LearnSmart assignments.

[SmartBook - Your Study Session Needs An Upgrade](#)

The SmartBook

Place a text book on the table and look at it. It just lies there. SmartBook is different in that it interacts with you, providing guidance, practice and feedback.

The assignments in the McGraw Hill SmartBook are called LearnSmart Assignments. As you work through a lesson and come to a LearnSmart Assignment, you will click on a link that will take you to the assignment. Once in the assignment you have access to the Read and Practice elements of the assignment. This video provides an integrated introduction to the major functions of the SmartBook: Read, Practice, Recharge, and the SmartBook Report. [New SmartBook Overview Video](#)

Read: SmartBook first guides you through the reading phase of the assignment. The highlighted function is useful in that the important elements are highlighted in yellow but once you've

demonstrated understanding of the concept in Practice the highlighting turns to green. [New SmartBook Read Phase Video](#)

Practice: SmartBook integrates questions throughout the readings to give you insights through application. SmartBook also has the Coach Function to guide you through the assignment and Confidence Questions to tailor your learning experience. The Practice phase records your progress in the assignment and you must complete it to get full credit.

[New SmartBook Practice Phase Video](#)

Reinforcement and integration

Your progress through the units should build an an integrated structure for organizing information to make economic decisions. The SmartBook has two great features to help you in this process.

Recharge: As our course unfolds you must recall and use techniques covered in early assignments. SmartBook provides practice and reinforcement on previously covered materials. Recharge will thus be a great assist as you prepare for the exams. [New SmartBook Recharge Phase Video](#)

Reports: SmartBook provides a record of your progress and your strengths and weaknesses. It also provides helpful self-quizzes on the course materials prior to your taking the graded quizzes. <https://youtu.be/TWS9J-uFZXU>

Appendix H Projects

Four of the five parts of our course contains a project that applies financial insights to your personal and professional life. These projects are not studying and taking a test, but rather an opportunity to think in a focused way on how you will use your education to benefit yourself and your organization.

Some of you have very defined career plans. Others have an area of interest. Some of you will see what turns up in, or after, your senior year! For each of you, please think of what you'll do when you go to work: What responsibilities will you face? What goals will you have and how will you obtain and manage scarce resources to accomplish those goals?

Procedures

Projects will be submitted in Canvas and should be no longer than two or three single-spaced pages. Please see the detailed instructions for each project.

Projects

Project 1: Career Thoughts

Project 2: Your Nest Egg

Project 3: Raising Capital

Project 4: Your Capital Budgeting Project

Appendix I: How will missing course deadlines affect my grade?

Deadlines:

To help you sequentially build your skills (And actually complete the course!) there are deadlines for each part of the course. Completing one part of the course is the prerequisite for continuing on to the next part. Deadlines also apply to the two exams. Completing Part III is a prerequisite for taking the Exam 1. Completing Part V is the prerequisite for taking Exam 2.

Date	Part to be complete
Sunday, February 3	Part I: Economic Activity
Sunday, February 24	Part II: Economic Value
Sunday, March 3	Exam 1
Sunday, March 17	Part III: Valuing Financial Securities
Sunday, April 14	Part IV: Valuing Non-Financial Assets
Sunday, April 28	Part V: Markets and Money
Sunday, May 5	Exam 2

All assignments close at 11:30pm on the appropriate day.

Missing a deadline results in no points earned on the assignment:

A student not competing an assignment by its deadline will not receive credit for the assignment.

Our very large online course presents me with a major challenge. I need to spend my time on helping my students learn Finance, not on managing situations caused by students not accomplishing assignments on time or understanding the course exam procedures. Over the four years that I have developed and taught the course I've come up with a process that is fair and doable.

Most courses have specified times and places for you to complete assignments and take exams. Our course is different. I specify only that you must complete an assignment by a specified date, not on a specified date. You are not locked into showing up at a particular time for any required assignment. You may choose to wait until a deadline, but you bear the risk for doing so.

One of the key concepts in our course is risk. Unexpected personal issues may come up, from a heavy exam schedule, illness, a special event, a sports injury all the way up to the death of a friend or family member. A student who waits until a deadline may experience some of these events and ask for an extension. Given the nature of our course and the number of students I cannot evaluate and account for the many, and often important, personal events in your lives. So, please do give yourself some cushion by doing the assignments well prior to each deadline, as you bear the risk for these unexpected events. If these events do come up and you do not earn points for some assignments you may consider dropping the course.

Also, unfortunately, the 20th Century's "The dog ate my homework" has morphed into the 21st Century's "I had technical problems." These technical problems seem to occur right before an assignment/exam is due. I cannot sort out issues involved in missing deadlines, and cannot divert my efforts to improve your understanding of economic decision making to the substantial amount of time and effort necessary to manage make-ups.

A special comment on exam procedures: The exams in our course are monitored by ProctorU. You are responsible for the proper completion of the exams prior to the deadline. Not following procedures or not having a stable internet connection will interfere with your ability to complete these exams and will result in a zero grade on the exam. It's important that you fully understand and comply with all of the ProctorU provisions. Not doing so will cost you points!

Appendix J: 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, like Anna our TA Emerita, can use to benefit your employer. As with Austin-Travis County Emergency Medical Services and Tito's Handmade Vodka, 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.

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.

Academic Integrity Policy

There is a difference between collaboration and collusion.

Collaboration: One of the best ways to study is to discuss the material and have to explain it to another. I do encourage you to use our "Getting Connected:" discussion board to meet other students. Students have used Facebook, Course Hero, Quizlet, etc. to discuss course materials, including work on the 45 LearnSmart Assignments, which are graded on completion.

Collusion: The projects, end-of-unit quizzes and exams are graded exercises. They are used by potential employers, graduate admission offices, scholarship boards, and other organizations to evaluate the expertise you develop in our course. If you use the knowledge developed by others to get a higher grade you are lying to the men and women who are responsible for the success of these organizations and who depend on your statement of skills developed as being the truth. Dishonest behavior in our online course generally takes the form of collusion in completing the projects, sharing solutions to the graded assignments, and otherwise giving or receiving other assistance that renders your grade to be an inflated measure of what you really know and what you can really do. The following give some indication of dishonest activity, but this is a guide and does not limit the definition of cheating or my authority to take other actions I think appropriate.

Projects: Collusion in any of project will result in a zero grade for that project.

End-of-Unit Quizzes: Collusion on a quiz will result in a zero grade for that quiz.

Exams: Collusion on an exam that produces a ProctorU Incident Report will receive a zero grade on that exam, worth 150 points. Improperly disengaging from ProctorU prior to being released by the proctor will result in a 10 point grade reduction for that exam.

Upon indication of dishonest behavior I will block the ability of a student to drop the course. After final action by The University's Student Judicial Services, Office of the Dean of Students, a student may drop the course with a grade of no more than a "C-", or lower if appropriate.

P.S: Emerita: A woman retired from professional life but permitted to retain as an honorary title the rank of the last office held. Merriam-Webster.

Appendix K: ProctorU

Understand ProctorU:

You will take the Mid-term and Final exams using ProctorU, which is a live, online proctoring service that allows you to take your exams from any suitable location.

ProctorU provides an easy to use portal to take your exams. However, it is a very precise system that requires you to properly prepare, schedule and take your exams. It is essential that you view and comply with the guidance in this appendix.

The following information helps you with these requirements.

[What is ProctorU.pdf](#) gives an overview of how ProctorU works and summary of what you will have to accomplish prior to taking the Mid-term and Final exams.

<https://www.proctoru.com/students/> is the ProctorU website. You should review the Pre-Exam Checklist, Automated Equipment Check, and Tech Requirements.

[ProctorU - How it Works.pdf](#), nicely lays out the ProctorU procedures from start to finish.. <https://vimeo.com/107066503> reinforces the ProctorU procedures.

Create your ProctorU account:

While you can register through the ProctorU site, you may also register in our Canvas Home Page. On the left side of the screen you will see a link for ProctorU. Click on that link to create your account.

Insure you have the proper equipment for ProctorU:

Once you think you have an acceptable system, go to your ProctorU account in our Canvas and click on Test your equipment and make any necessary adjustments. You can also run an equipment check at www.proctoru.com/testitout. This site also has FAQs and the ability to ask any questions you may have about the proctoring process with a ProctorU representative. For additional technical services needed before your exam, you can click on the button that says “connect to a live person.”

Schedule your exam:

ProctorU is available 24/7, however there are two important rules to remember:

1. You will need to schedule your exam proctoring session at least 72 hours in advance to avoid any on demand scheduling fees.
2. The last available exam appointment will be at 8pm (CST) December 11 – This is the last class date and you will NOT be allowed to start the exam later than that.

ProctorU's flex scheduling allows you to schedule more than 72 hours before your proctoring appointment; however, both Take It Soon and Take it Now options are subject to availability, so please don't count on these services, especially if you wait to the end of the course!

The ProctorU fee is included in your overall course registration, so you should not have to pay for taking a regularly scheduled test.

Taking your exam:

You will be observed as you take the exam. Please make sure you follow these exam proctor policies:

- Make sure your phone or other digital device (including smart watch) is not on your person or out in the room where you are taking the exam (a desk drawer or backpack is a good storage place)
- Keep your eyes on the monitor/screen, don't stare to your right/left since that can generate an exam proctor violation
- No headphones, earphones, radio, or TV
- Do not leave the room or stand up from your chair during the exam
- Take the exam where you will not be disturbed - no other people can be in the room with you during the exam
- Work at a desk where the webcam can see your head and torso and the room behind you (avoid using a laptop while sitting on a bed or on the floor since the webcam can't see enough to verify the environment).
- The procedures for concluding the exam are very specific. Do not disconnect from ProctorU until directed to do so by your proctor.

Important notes:

You should ensure that your computer and internet connection is working properly. Wireless systems disconnecting you from the exam will not be accommodated with extra time. If you are disconnected you must immediately reconnect with the proctor.

One of the most common reasons for a ProctorU Incident Report is a premature disconnect at the end of the exam. It is your responsibility to maintain contact with the proctor and end the session only when directed to do so. Receipt of a ProctorU Incident report on premature disconnect will result in a 15 point reduction in your exam grade.

Violation of any other requirements will result in a zero grade on the exam.

Academic Integrity:

Please carefully follow the procedures of ProctorU. I use ProctorU to protect the integrity of the grade issued in this course. Any violation of the procedures in ProctorU is a violation of the

McCombs and University Honor code and will result in a zero grade on the exam and possible reference to Student Judicial Services.

Appendix L: Crunching Numbers

The language of markets:


You could not take this course if you did not read and speak English. In our course you will also have to read, speak, and think in numbers. So, please, please, do read this appendix carefully.

Finance's goal is to process information into decisions that use market prices to create wealth. These wealth-increasing decisions involve managing money through time, and thus we have time value calculations. Many of these calculations you will find useful in your personal lives: loan payments, buy or lease decisions, retirement investments, payback on remodeling a kitchen, etc. Others will be useful in your professional decisions, such as the wealth impact of a new technology, deciding on when equipment should be replaced, etc.

Teaching Fin 320F is a challenge, as our course has not only engineers and scientists, but also poets and artists. I have tried to make the course accessible to all of my students, but also complete enough that everyone will come out of the course with usable skills.

Time Value Tools:

Financial calculators: You need a calculator for this course! Financial calculators are ideal for making the calculations to support your work in our course and the decisions you'll make upon graduation, and are relatively inexpensive. So, getting into financial calculators now will give you a head start. I recommend the HP 10BII+: it's the calculator we use at McCombs. Appendix D in the text is a guide on using financial calculators. There are Calculator Hints spread throughout the course, including "Using A Financial Calculator" on page 103.

I've found that most calculator guides are a bit confusing. They were likely written by someone for whom English was a third language and contain hundreds of possible calculations. I've written a visual, straight-forward calculator guide for the HB 10BII+ that shows how to use this calculator for the major calculations we'll do in in our course. You'll find the calculator guide here: [Calculator Guide 2018.docx](#) 

Scientific/Engineering calculators: Those of you in these areas already have powerful calculators that can easily adapt to these numbers. Your calculator guide should show you how to do the calculations we'll use in our course.

Online calculators: These online resources can assist in your studying, and will be available to you when taking the Mid-term and Final Exams; however, I think a physical calculator is more efficient.

Basic time value calculations: <http://www.calculator.net/finance-calculator.html> (Links to an external site.)Links to an external site. (Links to an external site.)Links to an external site.

Economic decision rules: There's a really neat online calculator at Calkoo.com. While some of these may not be necessary for our course (Value added taxes in Europe, or calculating how far along your pregnancy is) you'll see NPV, Internal Rate of Return, Stock Valuation (Discounted Cash Flow model), Weighted Average Cost of Capital, Annuity payments and other calculations we'll see later on in the course. You'll calkoo at: <http://www.calkoo.com/?lang=3&page=99> (Links to an external site.)Links to an external

[site. \(Links to an external site.\)Links to an external site.](#) There are other online calculators available that you can find on your own.

Formula Sheets: The eBook contains the course formulas in Appendix B. I've also developed an annotated formula sheet for the course. You'll find it in the Useful Stuff module.

Appendix M: Students with Disabilities and University Policies

Students with Disabilities

Students with disabilities should request appropriate academic accommodations from the Division of Diversity and Community Engagement, Services for Students with Disabilities, 512-471-6259, <http://diversity.utexas.edu/disability/> ([Links to an external site.](#))[Links to an external site.](#)

Please let me know if you have difficulties in working through the course.

Some students who qualify for SSD letters don't use them in this course. **Big mistake!** Please do send me your letter and let me make the accommodations. If you don't get your letter to me at the start of the course and find you have difficulties later and submit a SSD letter I will make accommodations, but only for subsequent assignments.

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. As you have great flexibility in this course no assignment should conflict with a religious holy day.

Campus Safety and Security

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 Alarm activation or announcement requires exiting and assembling outside.
- Familiarize yourself with all exit doors of each classroom and building you may Remember that the nearest exit door may not be the one you used when entering the building.
- Students requiring assistance in evacuation should inform their instructor in writing during the first week of
- In the event of an evacuation, follow the instruction of faculty or class
- 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
- Behavior Concerns Advice Line (BCAL): 512-232-5050
- Further information regarding emergency evacuation routes and emergency procedures can be found at: utexas.edu/emergency. ([Links to an external site.](#))[Links to an external site.](#)