

McCOMBS SCHOOL OF BUSINESS
THE UNIVERSITY OF TEXAS AT AUSTIN

FIN 357 BUSINESS FINANCE
COURSE SYLLABUS

Amin Shams

Summer 2015

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Classroom: CBA 5.330

Office Hours: MTWTh 10:45-11:45 and by appointment

Meetings: MTWTh 12:00-2:00 p.m.

Course Objective

The objective of the course is to learn the concepts and general theories of corporate finance, and more importantly, to learn how to apply them to the financial problems that students will encounter throughout their professional careers as well as personal life. The student will get a better understanding of the financial decisions firms face. For students interested in taking more finance courses, an additional objective of this course is to give them the foundations to do well in advanced finance classes.

Course Description

Finance is a discipline examining the financial market and corporations, grounded in economic reasoning. Therefore, it takes a very rigorous approach on practical issues. Through the semester, students in this course will learn about the fundamental issues of the field and the key analytic tools used in the real business world. The main topics covered include:

- (1) Present value and capital budgeting techniques
- (2) Asset valuation and the trade-off between risk and return
- (3) Capital markets
- (4) The financing decisions of the firm.

Prerequisites

The prerequisites for this class are: ACC 311 (or 311H), 312 (or 312H), ECO 304K and 304L, STA 309 (or 309H), and credit or registration for BA 324 (or 324H). These prerequisites will be enforced and students without prerequisites will be dropped from the course.

Course Text

Stephen A. Ross, Randolph W. Westerfield, and Bradford D. Jordan, Fundamentals of Corporate Finance, 10/e, McGraw Hill, 2013, ISBN: 978-0078034633. The book is available at the University Co-op, bookstores and online. Earlier editions are okay as they contain similar material, but students will be responsible for any differences.

Course Structure

The course consists of lectures, homework, quizzes, and three in-class exams.

The lectures are designed to help students discuss and understand the major elements of basic corporate finance theory. Students will have a chance to apply the fundamental concepts to realistic business situations through homework, quizzes, and exams.

The course grade will be based on the following:

- **three (3) in-class exams – 25% each**
- **the best two (2) in-class quizzes (out of 3) – 15% total**
- **homework (out of 5) – 5% total**
- **class participation – 5%**

All exams will be given **in-class**. The schedule is as follows:

Exam 1	Monday, June 15th
Exam 2	Monday, June 29th
Final Exam	See Final Exam Schedule

Homework will be given every week and will be due every Thursday before midnight. There are a total of 5 homework assignments. These assignments should be completed individually. The assignments are not graded, but are judged on completion (I will provide further detail on the homework assignments the first day of class). **Late homework will not be accepted.**

Class participation points will be assigned based on students' contribution to and willingness to participate in class discussions. I will observe student participation in the course and reward those students who make a substantial point in discussion. Points are awarded at my discretion, which are based on my assessment of the student's effort, preparation, and the value of his or her contribution to the development of the class.

Exam and Homework Policies

- (1) **Missing exams without my prior approval:** Students missing a test without my prior permission will receive a zero on the exam

For those students who miss an exam with my permission, I will give a make-up exam that is likely to be tougher than the scheduled exam. Requests to be excused from a test must be made prior to the test in writing and, except for extreme documented emergencies, their acceptance is determined solely at the instructor's discretion.
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- (2) **Quizzes:** Students that miss a quiz will receive a zero on it. There will not be a make-up quiz, since the best two quizzes out of three will be considered for the final grade.
- (3) **Homework Assignments:** Late assignments will not be accepted.

Grading Distributions

Letter grades for the course will be based on the student's ranking in the course relative to other students (i.e., the curve). In general, there will be about 30% A's, 40-50% B's, 20-30% C's or below. However, I reserve the right to make adjustments to this distributions based on how the class performs as a whole. Students scoring in the top 10% of the class on the final exam will receive an A in the course provided they have completed all other assignments in the course (handed in all homework and taken all exams and quizzes). These A's will be additional and will not adversely affect any other student's grade.

Re-grading Policy

Re-grade requests for exams and homework must be made **in writing** within three (3) class days after the graded materials is returned in class. Requests must clearly and specifically state your reasons for objecting to your assigned score on a particular question. Please keep in mind that the whole exam, instead of a specific question, is subject to re-grading.

Calculator

Each student is required to bring a calculator to classes and tests. At a minimum, the calculator must have *ln*, *e^x*, and *x^y* buttons. Although a business calculator is not required for the course, I **strongly** encourage its use as it will be helpful for this as well as future course work in finance, accounting, and other business disciplines. A student business calculator (such as HP 10bII, TI BAII Plus or calculators with similar capabilities) should be adequate for all business courses. Because of the variety of calculators used, students will be expected to learn how to use their calculators on their own. **Per Finance department policy, laptops and tablets are not allowed during class and are not to be used during exams.**

Preparing for Classes

It is not required but strongly recommended to read the relevant chapters from the Ross, Westerfield, and Jordan textbook **before** we cover the material in class. After the lecture, you should go through your notes, and finally check your understanding of the material by completing homework problem sets. Students will find that the three exams and the quizzes are based on textbook material, the basic concepts covered in lecture notes and their applications in suggested problem sets.

Course Web Page

Course material will be distributed through the course web page on Blackboard. Please familiarize yourself with Blackboard: **<http://courses.utexas.edu/>**

Password-protected class sites will be available for all accredited courses taught at The University. Syllabi, handouts, assignments and other resources are types of information that may be available within these sites. Site activities could include exchanging e-mail, engaging in class discussions and chats, and exchanging files. In addition, class e-mail rosters will be a component of the sites. Students who do not want their names included in these electronic class rosters must restrict their directory information in the Office of the Registrar, Main Building, Room 1. For information on restricting directory information see: <http://www.utexas.edu/student/registrar/catalogs/gi02-03/app/appc09.html>.

Students with Disabilities

The University of Texas at Austin provides upon request academic accommodations for qualified students with disabilities. For more information, contact the Office of the Dean of Students at 471-6259, 471-4641 TTY.

Scholastic Dishonesty

Policy on Scholastic Dishonesty: 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. You should refer to the Student Judicial Services website at **<http://deanofstudents.utexas.edu/sjs/>** 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.

Tentative Class Schedule

All reading corresponds to Ross, Westerfield, and Jordan. Please read ahead of the class.

			<i>Jun 4 (Thur)</i> 1. Introduction Chapter 1
<i>June 8 (Mon.)</i> 2. Basic Valuation I – Time Value of Money (TVM) Chapter 5	<i>June 9</i> 3. Basic Valuation II – Perpetuities and Annuities Chapter 6	<i>June 10</i> 4. Basic Valuation III – Applications <u>Quiz 1</u>	<i>June 11</i> 5. Valuing Bonds I Chapter 7 HW #1 is due
<i>June 15 (Mon.)</i> 6. <u>Exam</u>	<i>June 16</i> 7. Valuing Bonds II	<i>June 17</i> 8. Valuing Stocks I Chapter 8	<i>June 18</i> 9. Valuing Stocks II HW #2 is due
<i>June 22 (Mon.)</i> 10. Risk and Return Chapter 12	<i>June 23</i> 11. Portfolio Theory and CAPM Chapter 13	<i>June 24</i> 12. Capital Budgeting I Chapters 2, 9, 10, 11 <u>Quiz 2</u>	<i>June 25</i> 13. Capital Budgeting II HW #3 is due
<i>June 29 (Mon.)</i> 14. <u>Exam</u>	<i>July 30</i> 15. Capital Budgeting III	<i>July 1</i> 16. Capital Budgeting IV	<i>July 2</i> 17. Capital Budgeting Review HW #4 is due
<i>July 6 (Mon.)</i> 18. Cost of Capital Chapter 14	<i>July 7</i> 19. Raising Capital Chapter 15	<i>July 8</i> 20. Capital Structure Theory Chapter 16 <u>Quiz 3</u>	<i>July 9</i> 21. Review Day HW #5 is due

Note: If time permits I might add additional topics.