



Course Syllabus

Business Finance, Summer 2016
FIN 357, unique number 71540
MTWTh 12:00-2:00 pm, UTC 3.104

Section 1. Course Objective

Welcome to Finance! FIN 357 introduces concepts and techniques to identify and solve financial management problems. It is the basis for all other courses in finance and provides basic tools that every business student will need to be successful in his or her chosen career.

Section 2. Contact Information

Professor: Heidi Toprac
Office: CBA 2.232
Office Hours: Monday 2:00 - 4:00 p.m.
Email: heidi.toprac@mcombs.utexas.edu

Feel free to drop in unannounced during office hours. Otherwise, email is my preferred method of communication. Note that federal privacy laws prohibit me from discussing grade-related information with you via telephone or email. My office hours may change from time to time to accommodate unforeseen circumstances. Changes will be announced in class and on Canvas.

Section 3. Tools & Materials

Text: We will be using Berk and DeMarzo, **Corporate Finance: The Core, 3rd edition**, Boston, MA., Pearson 2014. There are several purchase options regarding the format of the text, including hardcover, looseleaf and etext.

Calculator: You will need a calculator that can perform financial functions (N, I, PV PMT, FV). The HP 10B II + is strongly suggested. You will not be allowed to use a cell phone or online financial calculator during exams, nor will you be allowed to share your calculator with another student during an exam.

Batteries: Bring AAA batteries to class each day to support your calculator.

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.

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. Grading

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

• Exams: 3 exams @ 30% each	90%
• Cases: 1 valuation case @ 10%	<u>10%</u>
Course Total	<u>100%</u>

The grading guidelines for McCombs undergraduate classes recommends a range of 3.0 to 3.2 for business core courses. Historically the numerical cut off for each letter grade was as follows. 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 used.

A 94% and greater	B- 84-81%	D+ 68-65%
A- 90-93%	C+ 80-77%	D 64-61%
B+ 92-89%	C 76-73%	D- 60-57%
B 88-85%	C- 72-69%	F less than 57%

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 6. Exams

There will be three exams in this course. Exams I and II will take place during class. Exam III will take place during the final exam period, but will have the same time allowance as Exams I and II. 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 of semester.

All three exams will be multiple choice, and will include both concept- and calculation-based questions. All material covered in the course, including readings from the text, readings from supplementary materials, class discussions, and required and suggested homework are subject to examination.

Exams can be reviewed, after they have been graded, during my office hours.

For any student who does not take Exam I or Exam II during the regularly scheduled time, the make-up time will begin at the conclusion of the time allotted for Exam III. Alternate exam dates are not an option. Conflicts between the scheduled exams and other academic, work-related, or personal requirements should be resolved by the student.

Failure to take Exam III at the scheduled time will result in a score of zero for Exam III.

Section 7. Homework

Working problems is necessary for success in this course. The more problems you work, the greater your likelihood of success. In addition to the "Required" homework problems, which are the minimum necessary to prove mastery of the course materials, additional problems are listed under "Suggested Problems." These problems will not be collected or graded; however, on a rotating basis, students may be called on during class to provide solutions.

Section 8. Attendance

Class attendance is essential for passing performance in this course. Student participation is also expected. This involves being prepared when called upon during class to discuss any assigned material and/or to work assigned problems. In addition:

- Please silence your cell phone, iPad, and all other electronic devices.
- If you miss a class, it is your responsibility to determine what was covered. Expect that some of the material covered on exams will not be in the text.

Section 9. Academic Integrity

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 10. 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 11. Students with Disabilities

Students with disabilities may request appropriate academic accommodations from the Division of Diversity and Community Engagement, Services for Students with Disabilities, 512-471-6259, <http://www.utexas.edu/diversity/ddce/ssd/>.

Section 12. Religious Holy Days

I have employed the [Interfaith Calendar](#) in an attempt to structure the course schedule to avoid conflicts with major religious and cultural holidays. If you need to miss an exam, UT Austin policy states that *“you must notify me of your pending absence at least fourteen days prior to the date of observance of a religious holy day.”*

Section 13. Course Schedule

This schedule is subject to change. Changes, if any, will be announced in class and on Canvas.

	Day	Date	Topic and/or Activity	Reading	Required	Suggested	
July	Mon	11	Introduction, The Corporation	Syllabus, Ch 1	6,7	1,11,15	
	Tue	12	Intro to Financial Statement Analysis	Ch 2	30,36,42	28,33,39	
	Wed	13	Financial Decision Making & the Law of One Price	Ch 3, excluding Appendix	1,2,6,9,12,15	4,7,10,11,14	
	Thu	14	The Time Value of Money	Ch 4	11,14,16,19,22,32,36,46	12,13,20,29,31,34,37	
	Mon	18	Interest Rates	Ch 5, excluding Appendix	2,3,9,13,22,26,28,34,39	10,14,18,20,36	
	Tue	19	Valuing Bonds	Ch 6, excl 6.3, 6.5 & Appendix	1,2,3,7,10,28	4,6,11,14,29	
	Wed	20	Exam I (Chapters 1-6)				
	Thu	21	Investment Decision Rules	Ch 7, excluding Appendix	1,2,5,12,15,19,21,29	3,6,14,24,25,30,31	
	Mon	25	Fundamentals of Capital Budgeting	Ch 8, excl Appndx	1,4,6,12	2,3,8,9,13,18	
	Tue	26	Valuing Stocks	Ch 9, excluding 9.3	1,2,5,8,13	3,6,10,12,16,20,24	
	Wed	27	Capital Markets and the Pricing of Risk	Ch 10	2,4,5,7,26,37	16,20,22,26,29,30,33	
Thu	28	Optimal Portfolio Choice and the CAPM	Ch 11, excluding 11.6 & Appendix	1,9,12,16,21,34,48	2,4,10,17,22		
August	Mon	1	Estimating the Cost of Capital	Ch 12, excluding Appendix	1,4,10,14,18	2,5,15,19,20	
	Tue	2	Exam II (Chapters 7-13)				
	Wed	3	Investor Behavior & Capital Market Efficiency	Ch 13, excluding 13.7 & Appendix	None ☺	1,3,5,6,8,14,16	
	Thu	4	Capital Structure in a Perfect Market	Ch 14	1,3,5,13	2,4,6,9,10,13	
	Mon	8	Debt and Taxes	Ch 15, excl 15.4	1,6,10,25	3,8,11,16	
	Tue	9	Financial Distress, Managerial Incentives, and Information	Ch 16	1,4	3,5,8,11,16a,19,27	
	Wed	10	Capital Budgeting and Valuation with Leverage	Ch 18, excl 18.4, 18.6-18.8 & Appx	1,4,8	6,12	
	Thu	11	Payout Policy Valuation Case Due	Ch 17, excluding 17.5	2,5,31	3,7,29,33,34	
TBD		Exam III (Chapters 13-18)					