

# FIN 320F Foundations of Finance, Fall 2012

Unique# 03345: MWF 9:00 – 10:00, UTC 2.102A Unique# 03350: MWF 10:00 – 11:00, UTC 2.102A

# Section 1. Objective

Welcome to Foundations of Finance! The purpose of this course is to help you develop a basic understanding of the US financial system, corporate finance, and financial investments.

## Section 2. Contact Information

**Professor:** Heidi Toprac **Office:** CBA 2.232

Office Hours: Mondays from 1:30 p.m. to 3:30 p.m.; Wednesdays from 11:00 a.m. to 1:00 p.m.

Email: heidi.toprac@mccombs.utexas.edu

TA: To be announced on Blackboard
 Office: To be announced on Blackboard
 Office Hours: To be announced on Blackboard
 Email: To be announced on Blackboard

Feel free to drop in unannounced during office hours. Otherwise, email is my preferred method of communication. I keep all graded exams in my office. Please bear in mind that UT's privacy policy prohibits us from discussing grade-related information via telephone or email.

# Section 3. Prerequisites

To remain enrolled in FIN 320F, you must have successfully completed ACC 310F (or ACC 311 and ACC 312). Students lacking this prerequisite will be dropped. If you have fulfilled the prerequisites but are having difficulty registering for FIN 320F, please visit the McCombs Undergraduate Programs Office, CBA 2.400, for assistance.

#### Section 4. Tools & Materials

**Text:** We will be using CFIN, written by Scott Besley and Eugene Brigham, published by

Cengage. It is available at the Co-op or from <u>4ltrpress.cengage.com</u>. (Under the "Business & Computers" heading, select "Corporate Finance" and "Learn More.") When ordering online, you can choose either the print or electronic version of the text. In addition to the text itself, there are additional materials and study tools

(additional practice problems, quizzes, etc.) available on the website.

03345-03350.docx Page 1 of 6

i>clicker:

We will be using the i>clicker remote student response system to check homework each day. You are welcome to use your existing i>clicker, or you can purchase a new or used one at the Co-op or online. Note: You must register your i>clicker on Blackboard, even if you have already registered your i>clicker on the i>clicker website. Click "Tools" then "Register Your i>clicker Remote ID". Type in the ID number and click "Register". Thereafter, be sure to check Blackboard regularly to ensure that your points are being recorded. Remember: after the 12<sup>th</sup> class day, you must register your clicker in-person in my office.

**Calculator:** 

You will need a calculator. I highly recommend that you use a calculator that can perform financial functions (eg. INT, PV, PMT, IRR). My favorite is my old graphing calculator, a *TI-83 Plus* (if you press the "APPS" key, you can turn it into a financial calculator). The going rate on Craigslist for a *TI-83 Plus* is about \$40. The *HP 12C* is the classic, but it uses Reverse Polish Notation, which takes some getting used to. You could also use a *TI 83*, a *Sharp EL-733A*, or several others. See <a href="http://www.tvmcalcs.com/calculator index">http://www.tvmcalcs.com/calculator index</a> for calculator recommendations and instructions on their use.

You may not use a cell phone as a calculator during exams.

Blackboard:

Everything you need for this course will be posted on Blackboard—lectures, grades, homework solutions—you name it. Please check the "Announcements" on Blackboard at least weekly for any changes to the syllabus, information related to exams, and so on.

Email:

From time to time, I may need to email you. The communications policy in 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/

**Software:** 

All course materials will be prepared using the *Microsoft Office 7* suite of products. If you have an older version of *Office*, you can download a simple reader at the Microsoft Download Center.

## Section 5. Grades

Your final grade in the course will depend on your exam and homework scores as recorded in Blackboard. Check Blackboard at least weekly to ensure your grades are being posted correctly. If you suspect an error in grading, you must contact me within 2 weeks of the date the exam or homework assignment was due. Exam scores will be posted in Blackboard within 48 hours of each exam. Homework scores will be posted daily. (See course schedule for exact dates.) Grade-related issues that are not resolved within two weeks of the posting date will be subject to a penalty, as follows: after 2 weeks, your score will be reduced by 25%. After 3 weeks, your score will be reduced by 50%. After 4 weeks, the disputed item is no longer eligible for credit.

03345-03350.docx Fall 2012 Page 2 of 6

Final grades are standards-based, rather than norms-based, so there is no need for an artificial curve. Final grades will be determined as follows:

			Grade			
From	To	Grade	Points	Method of Evaluation:		
93	100	Α	4.00	<ul> <li>Homework, based on a total of 200 points:</li> </ul>		
90	92	A-	3.67	• Exams, average of your 4 <u>highest</u> exam scores: <u>80%</u>		
87	89	B+	3.33	Total <u>100%</u>		
83	86	В	3.00			
80	82	B-	2.67	The lowest passing grade is a D In other words, you must		
77	79	C+	2.33	earn a total course score of at least 60% to pass FIN320F.		
73	76	С	2.00	Variable land and the second s		
70	72	C-	1.67	You must take a minimum of four exams to pass FIN 320F.		
67	69	D+	1.33	FIN320F may not be taken pass/fail if you are seeking the		
63	66	D	1.00	Business Foundations Program certificate. For details, see		
60	62	D-	0.67	http://new.mccombs.utexas.edu/bba/business-foundations.		
0	59	F	0.00			

#### Section 6. Homework

You will have a homework assignment every day. Each assignment will be posted on Blackboard. We will spot-check your answers during class on the following class day, using the i>clicker student response system. For example, on our second day of class we will discuss Unit 1.1. The suggested reading is the first portion of Chapter 6. After attending class and reading the text, go to Blackboard, download Homework 1.1 and answer the questions. On our next day of class, we will discuss Unit 1.2 AND you will be asked to use your i>clicker to enter your answers to selected Unit 1.1 questions. We will also use the i>clickers to express opinions (Would you prefer to invest in stocks or bonds?), and to answer exam-type questions on the fly (What did IBM's stock yield in 2010?).

You will have the opportunity to earn an average of 6 points each day. Opinion questions will be worth one point. Questions that have a correct answer will be worth two points: one point for answering the question, and one point for selecting the correct answer. You will be given the opportunity to earn at least 240 points during the course of the semester. A total of 200 points are required to earn a homework score of 100%. Depending on how well you answer the questions, you could miss 6 or 7 days of class and still earn 100% of the homework points.

If you forget your i>clicker, attend a section other than the one for which you are registered, or if your i>clicker runs out of batteries, you will miss the points for that day. If you arrive late or leave early, you might miss the points for that day.

## There are no make-up opportunities for missed homework.

If you cheat—for example, if you use an i>clicker that is not registered in your name—you will be subject to serious penalties, up to and including expulsion.

03345-03350.docx Fall 2012 Page 3 of 6

#### Section 7. Exams

The exams in this course are designed to measure how well you have synthesized the concepts learned in class. There will be four in-class exams—one for each section of the course. Each will be non-comprehensive; that is, each will cover only the material related to that section. However, bear in mind that the material builds on itself during the semester. There will also be an optional final exam during the final exam period. The final exam will be comprehensive; that is, it will cover material from the entire semester. Thus, your goal is to avoid the final exam.

Each exam will have 25 multiple-choice questions. Everything in your text, on Blackboard and distributed and/or discussed in class (including handouts, films, presentations by guest speakers) is subject to examination. Bring your pencils, calculator(s), extra batteries and picture ID to each exam. There will be a formula sheet attached to each exam, so you need not bring your own. You may not use a cell phone, i-pod, or any other wireless device during an exam.

You must take your exams with the section for which you are registered. Failure to do so will result in an automatic 10-percentage-point penalty being deducted from your exam score. In addition, if you demand extra time because you have not bubbled your exam answers at the end of the exam period, a 10-percentage-point penalty will be deducted from your exam score. If any manual processing of your exam is required because, for example, you mis-bubbled your name or eid, or bubbled in the wrong test form letter, etc., a 4-percentage-point penalty will be deducted from your exam score.

You must take four exams to pass the course. If you miss an exam—because of illness, an accident, family issues, a funeral, a job interview, a sporting event, etc.—the final exam will serve as your make-up exam. The comprehensive final exam is the one and only make-up exam for the entire semester. It, too, will have 25 multiple-choice questions. The lowest of your five exam scores will be dropped when computing your final grade. At the end of the semester, if you are satisfied with your overall course score, you can skip the final exam.

The final exam will be a uniform final; that is, students from both sections of FIN 320F will be taking the final exam together. The dates and times of uniform finals are not determined by the Registrar until very late in the semester—usually three weeks before the last class day. As soon as the Registrar has posted the date and time for our final, I will announce it in class and on Blackboard. In past semesters, our final exam has occurred during the last period of the last day of finals week. If that holds true this semester, our final exam will occur at 7:00 p.m. on Tuesday, Dec 18. Please recognize that I cannot make exceptions to the final exam schedule, regardless of your travel, wedding, surgery, job, family, etc. arrangements.

The Registrar will also schedule a make-up final exam. This make-up exam is only for students who have another final exam scheduled at the same time as our uniform final exam. The make-up final is not for students who have already purchased plane tickets, scheduled a job interview, or planned any other sort of event that conflicts with the uniform final exam. I cannot make exceptions; please do not ask me to do so.

# **Section 8.** Course Schedule

Please be advised that this schedule is subject to change. If changes are necessary, they will be communicated during class and on Blackboard.

	Day	Date	Unit	Topic and/or Activity	Suggested Reading		
Aug	Wed	29	0.1	Introduction to FIN 320F	Syllabus		
	Fri 31	24		Introduction to Section 1: The Financial System			
		21	1.1	Financial Instruments: Debt, part 1	Chapter 6 (first part)		
	Mon	3		Labor Day Holiday			
	Wed	5	1.2	Financial Instruments: Debt, part 2			
	Fri	7	1.3	Financial Instruments: Equity	Chapter 7 (first part)		
	Mon	10	1.4	Financial Markets & Participants	Chapter 3		
	Wed	12	1.5	Financial Market Activities			
er	Fri	14	1.6	The Federal Reserve (Note: Last day to register your clicker on Blackboard)			
mb	Mon	17	1.7	Interest Rates: Determinants Chapter 5			
September	Wed	19	1.8	Interest Rates: Interpretation	Chapter 5		
Se	Fri	21	1.9	Measuring Market Performance			
	Mon	24	1.10	Film: The Stock Market			
	Wed	26		Review			
	Fri	28		Exam 1			
	Mon	1		Introduction to Section 2: Financial Analysis			
	IVIOII	1	2.1	Business Organization	Chapter 1		
	Wed	3	2.2	Income Taxes	Chapter 1		
	Fri	5	2.3	Financial Reporting: The Balance Sheet	Chapter 2		
	Mon	8	2.4	Financial Reporting: The Income Statement, etal	Chapter 2		
	Wed	10	2.5	Financial Analysis: Ratios	Chapter 2		
	Fri	12	2.6	Forecasting			
7	Mon	15	2.7	Financial Analysis: Additional Tools			
ope	Wed	17	2.8	Risk vs Return: CAPM	Chapter 8		
October	Fri	19	2.9	Capital Structure: WACC	Chapters 11 & 12		
	Mon	22		Review			
	Wed	24		Exam 2			
		26		Introduction to Section 3: Time Value of Money			
			3.1	Compounding	Chapter 4		
	Mon	29	3.2	Discounting	Chapter 4		
	Wed	31	3.3	Amortization	Chapter 4		
	Fri	2	3.4	Film: Understanding The Credit Crisis			
November	Mon	5	3.5	Capital Budgeting, part 1	Chapters 9 & 10		
	Wed	7	3.6	Capital Budgeting, part 2	Chapters 9 & 10		
	Fri	9	3.7	Bond Valuation	Chapter 6 (last part)		
No	Mon	12	3.8	Stock Valuation	Chapter 7 (last part)		
	Wed	14		Review			
	Fri	16		Exam 3			

	Day	Date	Unit	Topic and/or Activity	Suggested Reading	
	Mon	19		Introduction to Section 4: Investments		
			4.1	Investor Expectations		
	Wed	21	4.2	Film: Frontline		
	Fri	23		Thanksgiving Holiday		
	Mon	26	4.3	Investment Risks		
	Wed	28	4.4	Mutual Funds		
	Fri	30	4.5	Portfolio Development		
	Mon	3	4.6	Measuring Investment Performance		
(I)	Wed	5		Review		
Dece	Fri	7	Exam 4			
Tue 18 Probable Date of Fina						

# 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 are described in detail in the BBA Program's Statement on Scholastic Dishonesty at http://www.mccombs.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 course, 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.

### Section 10. Students with Disabilities

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