



### **Course Information:**

Course Number: FIN 357  
 Unique: 03375  
 Day & Time: MWF 8:00 – 9:00 a.m.  
 Location: UTC 4.102

### **Instructor Information:**

Instructor: Heidi Toprac  
 E-mail: heidi.toprac@mcombs.utexas.edu  
 Office: CBA 2.232  
 Office Hrs: Mon 1:30 – 3:30; Wed 11:00 – 1:00

### **Course Objective:**

Welcome to Finance! This course introduces fundamental finance concepts and analytical techniques employed by financial managers to make value-added business decisions. The course serves as the basis for all other courses in finance. In addition, the course provides basic tools that every student will need to be successful in his or her chosen career.

### **Prerequisites:**

Successful completion of the prerequisites allows you to enter FIN 357 with a thorough understanding of accounting theory and basic economic concepts. Check the Course Schedule on the Registrar's website for details regarding prerequisites. If you have registration issues or questions, visit the Undergraduate Programs Office, CBA 2.400.

### **Tools and Materials:**

- **Textbook:** We will be using Fundamentals of Corporate Finance, 2<sup>nd</sup> edition, by Parrino, Kidwell & Bates, as well as its companion homework system, called WileyPLUS. There are two purchase options:
  1. Buy a used copy of the book and purchase WileyPLUS online. See the section of this syllabus entitled "Homework" for details.
  2. Buy a new copy of the book, bundled with the WileyPLUS access code, at the UT Co-op. After purchasing your book and access code, follow the instructions in the section of this syllabus entitled "Homework" to get started.
    - The hardcover version of the textbook, bundled with the WileyPLUS access code, is ISBN 978-1-118-27752-2.
    - The 3-ring binder version of textbook, bundled with the WileyPLUS access code, is ISBN 978-1-118-25223-9.
- **Calculator:** Any calculator that can perform finance functions (N, I/Y, PV, PMT, FV) is acceptable. Popular options include the TI BA II Plus, HP 10B II Plus, and HP 12C financial calculators, as well as the TI line of graphing calculators. The use of calculators will be addressed in more detail during class. I will be using a TI-83 Plus.

- **Blackboard:** The syllabus, lecture slides, announcements, grades, and other materials will be posted on Blackboard. Please check it on a daily basis.
- **Email:** From time to time, I may need to email you. The communications policy 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.*

To verify your email address, see: [https://utdirect.utexas.edu/apps/utd/all\\_my\\_addresses/](https://utdirect.utexas.edu/apps/utd/all_my_addresses/)

- **Other 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. If you have any concerns about your proficiency with *Excel*, check out one of the following videos:
  - Produced by Microsoft: <http://office.microsoft.com/en-us/excel-help/excel-2007-training-courses-HA010218987.aspx>
  - Produced by the McCombs Training Team: <http://www.mcombs.utexas.edu/tech/training/tutorials/Excel/index.asp>
  - Produced by Mr. Excel and available on YouTube: <http://www.youtube.com/user/ExcelsFun#p/u>
- Reading current financial publications—*Wall Street Journal*, *Financial Times*, *The Economist*, etc.—will help to augment the course material and reinforce your learning.

## Grades

Your grade in this course will be determined by your performance on exams, projects and homework, as follows:

- |  |             |
|--|-------------|
| • Exams: 4 out of 5 possible exams @ 15% each            | 60%         |
| • Projects: 3 <i>Excel</i> -based assignments @ 10% each | 30          |
| • Homework: completion of daily online homework          | <u>10</u>   |
| Course Total   | <u>100%</u> |

## 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 cover only the material related to that section. Bear in mind, however, 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.

Everything in your text, on Blackboard and distributed and/or discussed in class (including handouts, films, and presentations by guest speakers) is subject to examination. Bring your pencils, calculator(s), extra batteries and picture identification 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 devices during an exam.

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. 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.

Please recognize that I cannot make exceptions to the final exam schedule, regardless of your travel, wedding, surgery, job, family, etc. arrangements.

## **Projects**

There will be three *Excel*-based projects offered during the semester to provide you with experiential learning opportunities. Each project will require you to perform authentic “real-world” financial analysis. For the first project, you will analyze operating decisions, for the second, you will analyze a financing decision, and for the third, an investing decision.

Each project is worth 10% of your total course grade. To obtain credit for each project, you must submit both an electronic copy and an identical printed copy, as follows: (1) Submit your *Excel* file to Blackboard prior to deadline. (2) Print the file that you submitted to Blackboard and turn in the printed copy at the start of class on the day the project is due. Since the paper copy is the printout of an *Excel* file, it follows that no handwritten work will be accepted.

Ensure that your name, UTEID and unique number are recorded on each page of your project. Multiple pages must be stapled together. If there are any disputes or discrepancies regarding project submission, the time stamp and data on the electronic copy on Blackboard will prevail.

Your project will be considered on-time if it is submitted by 8:15 a.m. on the due date. Your project will be considered late if it is submitted between 8:16 a.m. and 5:00 p.m. on the due date. No projects will be accepted after 5:00 p.m. on the due date. 40% of the possible points will be deducted from late projects. Thus, the highest grade that can be earned by late project is a D-. Please remember that even if you submit a project on Blackboard (whether on-time or late), you must still turn in a hard copy. Submit late hard copies to the Finance department office, CBA 6.222; be sure to time-stamp your work using the machine on the counter. Do not leave assignments under my door or in the rack that is hanging on my door.

Although you are welcome to work with your classmates, you must create and submit your own unique *Excel* files. Please recognize that cutting and pasting the work of others is plagiarism. Plagiarism is a form of cheating. Submitting unlike paper and electronic copies is also cheating. Students who cheat are subject to expulsion.

## **Homework**

To maximize your chance of success in this course, you should attempt to complete all of the “Questions and Problems” at the end of each chapter in your textbook. To spot-check your work, several of the problems from each chapter have been selected to appear as online homework assignments on [www.wileyplus.com](http://www.wileyplus.com). The assignments will be named “Ch XX End of

Chapter Problems.” You will receive 100% credit for each problem you solve correctly on the first try. You will receive reduced credit for each problem you solve correctly on the second or third try. You will be limited to three tries for each problem. You are welcome to work with your classmates, but you must solve and submit your own online homework.

To get started:

- Copy the following URL into your browser:  
<http://edugen.wileyplus.com/edugen/class/cls294342/>
- Follow the online instructions to create an account and register for the course.

Online homework is due by midnight before the next day’s class. For example, Chapter 3 homework will be due the night before we discuss Chapter 4 in class. There will be no opportunity to make up missing or late homework.

Each online homework assignment will be duplicated and re-named “Ch XX Extra Practice Problems.” Each time you solve a problem, it will re-generate with new numbers. This is a great way to prepare for your exams.

## **Other Course Policies**

### ***Electronic Devices***

Finance department policies prohibit the use of computers and other electronic devices during class without the prior consent of the instructor.

### ***Scholastic Dishonesty***

*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.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 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.*

### ***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/>.*

## Religious Holidays

Every attempt has been made to ensure exams do not conflict with major religious holidays or the OU game. If you need to miss an exam because of a religious holiday, you are welcome to take the make-up final exam. If a homework or project due date conflicts with a religious holiday, you are welcome to submit your work early. According to UT Austin policy, you must notify me of a conflict at least 14 days prior to the date of observance of a religious holy day.

## Campus Safety

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 are required to evacuate when a fire alarm is activated. Alarm activation or announcement requires exiting and assembling outside.
- Familiarize yourself with all exit doors of each classroom and building you may occupy. 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 class.
- In the event of an evacuation, follow the instruction of faculty.
- Do not re-enter a building unless given instructions by the Austin Fire Department or the University of Texas at Austin Police Department or Fire Prevention Services office.
- The Behavior Concerns Advice Line (BCAL): 512-232-5050 is available for your use.

Further information regarding emergency evacuation routes and emergency procedures can be found at: [www.utexas.edu/emergency](http://www.utexas.edu/emergency).

## Course Schedule

	Day	Date	Topic	Reading
Aug	Wed	29	Welcome 1a. Introduction to Finance	Syllabus
	Fri	31	1b. Business Organization	Ch 1 & 18 (p 569-574)
September	Mon	3	Labor Day Holiday: No Class Meeting	
	Wed	5	2a. Financial Markets	Ch 2 (2.1 – 2.5)
	Fri	7	2b. Interest Rates	Ch 2 (2.6)
	Mon	10	3a. Financial Statements & Cash Flows	Ch 3 (3.1 – 3.7)
	Wed	12	3b. Federal Income Tax	Ch 3 (3.8)
	Fri	14	4a. Financial Statement Analysis	Ch 4 (4.1 – 4.2)
	Mon	17	4b. Ratio Analysis	Ch 4 (4.3 – 4.6) Ch 14 (14.1 – 14.2)
	Wed	19	4c. Additional Analysis	
	Fri	21	<b>Project 1 Due</b> Exam 1 Review	
	Mon	24	<b>Exam 1: Chapters 1 – 4 (plus 14 &amp; 18)</b>	

	Day	Date	Topic	Reading
Sep	Wed	26	5. Lump Sums	Ch 5
	Fri	28	6a. Annuities & Perpetuities	Ch 6
October	Mon	1	5 & 6 Lump Sums & Annuities, cont'd	
	Wed	3	6b. Amortization	
	Fri	5	8a. Bond & Loan Characteristics	Ch 8 (8.1 & 8.5) plus p 495
	Mon	8	8b. Bond Valuation	Ch 8 (8.2 – 8.4)
	Wed	10	9a. Stock Characteristics	Ch 9 (9.1)
	Fri	12	9b. Stock Valuation	Ch 9 (9.2 – 9.4)
	Mon	15	9b. Mutual Funds	
	Wed	17	7. Risk and Return	Ch 7
	Fri	19	7. Risk and Return, continued	Ch 7
	Mon	22	<b>Project 2 Due</b> Exam 2 Review	
	Wed	24	<b>Exam 2: Chapters 5 – 9</b>	
	Fri	26	10. Capital Budgeting Methods	Ch 10
	Mon	29	11. Capital Budgeting Process	Ch 11
	Wed	31	11. Capital Budgeting Process, cont'd	
November	Fri	2	12a. Evaluating Project Economics	Ch 12 (12.1 – 12.3)
	Mon	5	12b. Capital Rationing	Ch 12 (12.4 – 12.5)
	Wed	7	13. Cost of Capital	Ch 13
	Fri	9	<b>Project 3 Due</b> Exam 3 Review	
	Mon	12	<b>Exam 3: Chapters 10 – 13</b>	
	Wed	14	15. How Firms Raise Capital	Ch 15
	Fri	16	16a. Capital Structure Policy	Ch 16
	Mon	19	16a. Capital Structure Policy, cont'd	
	Wed	21	Understanding the Credit Crisis	Film, plus p 267-269
	Fri	23	Thanksgiving Holiday: No Class Meeting	
December	Mon	26	17. Dividend Policy	Ch 17
	Wed	28	18. Business Valuation	Ch 18 (18.2 – 18.4)
	Fri	30	19. Financial Planning	Ch 19
	Mon	3	19. Financial Planning, continued	
	Wed	5	Exam 4 Review	
	Fri	7	<b>Exam 4: Chapters 15 – 19</b>	
	Mon	17	<b>Final Exam (9 am – 12 noon): Chapters 1 - 19</b>	