

Fin3320.014 Business Finance – Fall 2023
Instructed by Professor **Girish Bachani**

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Office Hours: Saturday 9:00 am to 10:00 am
and by appointment. Can meet earlier on Saturdays as well

Course Prerequisites:

Pre-requisites: MATH 1326, MATH 2333 (or OPRE 3333), ACCT 2301, ACCT 2302 & MIS 3300. Co-requisites: STAT 3360 or OPRE 3360.

Course Description:

This course offers rather in-depth coverage of the fundamentals of corporate finance, an overview suitable for any student who is interested in finance.

We begin by learning how to use accounting information to evaluate a firm's financial health and its tax burden, and we learn why investors care more about cash flow than accounting-based performance. We will spend a fair amount of time learning how insightful a statement of cash flows can be and how this statement ties back to the balance sheets and an income statement.

We will then spend a reasonable amount of time ensuring that you have a clear understanding of the time value of money — if there is one concept of which every student should walk away from this class with a clearer understanding, it is time value of money. We then use the time-value-of-money concepts to value an uncertain stream of future cash flows which an asset is expected to generate.

The second module begins with specific applications of the valuation of a stream of future cash flows: we learn how to value bonds and stocks. Next, we will study the fundamental investing and operating decisions undertaken by a firm's management. We will consider which of the many possible investment projects available to the firm are worth undertaking, using fundamental tools such as net present value analysis. We will delve into the tools' math, which relies heavily on time-value-of-money principles, and we will also learn the process that goes into determining which cash flows are relevant to, and should be included, in the analysis.

The third module has two main foci. We first focus on the trade-off between risk and return and on how portfolio diversification can reduce risk without compromising return! (Of course, we also need to know how to measure risk, as well as what kind of risk is important.) This diversification theory can serve an individual well either in his/her personal investments or in his/her role as a firm's manager, since a firm is effectively a portfolio of assets. We will focus on the most common sources of long-term financing (namely, debt and equity), as well as the costs and expectations associated with each respective source of capital. These variables will tie together into an important concept called weighted average cost of capital, which essentially tells the firm the average rate of return that its various investors are requiring. We will conclude with a brief overview of the theory of efficient markets.

Course Objectives:

You will learn to understand how and when to apply the basic concepts of financial analysis in a business setting, demonstrated through your ability to:

- Be able to apply time-value-of-money concepts to various valuation problems.
- Be able to describe what drives a firm's cost of capital and how to estimate it.
- Be able to analyze investments in real and financial assets using various methodologies.

Calculators:

A Texas Instruments BA II Plus (or Plus Professional) is the only calculator you will be able to use on the exams.

Text, Lecture Notes, & Supplementary Notes:

The required text is S. Ross, R. Westerfield, & B. Jordan, *Fundamentals of Corporate Finance*, 13th Ed., Mc-Graw-Hill Companies, Inc.

Grading Policy:

<u>Graded Item(s)</u>	<u>Weight</u>	<u>Graded Item(s)</u>	<u>Weight</u>
Exam 1	25.0%	Homework Assignments	20.0%
Exam 2	25.0%		
Final Exam	25.0%		
Class Participation	5.0%		

In determining your final grade, I have the option to make up to a 1.50% readjustment (only upward, not downward) on the basis of miscellaneous factors such as participation, interest shown in the course, steady improvement in exam scores, and so forth. Any adjustment will be made in increments of 0.50% and will be made sparingly, reserved for only the students deemed most exceptional in terms of the noted criteria.

COURSE SCHEDULE:

<u>Date</u>	<u>Topic</u>	<u>HW Due dates</u>
26-Aug	<i>Introduction, Ch2</i>	
2-Sep	<i>Ch 2, Ch 3</i>	
9-Sep	<i>Ch 5</i>	1
16-Sep	<i>Ch 6</i>	2
23-Sep	<i>Mid-Term 1</i>	3
30-Sep	<i>Ch 8</i>	4
7-Oct	<i>Ch 7, 9</i>	5
14-Oct	<i>Ch 10</i>	6
21-Oct	<i>Ch 11</i>	7
28-Oct	<i>Mid-Term 2</i>	8
4-Nov	<i>Ch 12</i>	9
11-Nov	<i>Ch 13</i>	10
18-Nov	<i>Ch 14</i>	11
25-Nov	<i>Thanksgiving break</i> <i>Review for common</i>	
2-Dec	<i>exam</i>	12

Policy for Homework (HW) Scoring:

There will be 12 problem sets assigned over the course of the semester. The due time is the class time next week. Each homework includes 10-15 questions and these questions are helpful for you to pass the final. The two assignments with the lowest scores will be dropped from the calculation of the overall grading. Group discussion of homework problems is not permitted. No late homework will be accepted.

Participation:

Participation will account for 5% of your grade.

Midterms:

There will be two non-cumulative in-class midterms. The midterms will consist of conceptual and problem solving questions. No makeup exam will be granted (with the exception of medical situation with a doctor's note). Both midterms will be closed book and closed notes. No cell phone, laptop, and other electronic devices, except a

SIMPLE (non-programmable) scientific calculator, is allowed. You are not allowed to bring your own cheat sheet. I will attach the needed formulas on the final page of exam papers.

Common Final Exam:

A common final exam will be given for all students across all sections of this FIN 3320 course during the final exam week. The FIN 3320 common final exam will be taken online and administered at UTD's testing center. Students are required to reserve a seat at the UTD testing center in order to take the final. **No walk ins will be allowed.**

The most important thing for you to do now is reserve a seat at: <https://ets.utdallas.edu/testing-center/students/>

The UTD Testing Center requires that reservations be made at least 72 hours (3 days) prior to the exam. **Act early!!**

You **cannot make up** the common final exam if you miss it (except as described in the following paragraph). At this comprehensive final exam, you will not be allowed to bring backpacks, bags, books, cell phones, laptops, notebooks, or scratch paper. You will have to bring a pencil, an eraser, an acceptable financial calculator, and a photo ID (e.g., UTD Comet Card (preferred), state driver's license, or passport). Students will not be able to take the exam without a photo ID. If a student is to miss an exam in the event of a medical emergency, a car accident, or a religious holy day, the student must notify his/her instructor by e-mail before the final exam begins. Last-minute emergencies such as hospitalization, car wrecks on the way to the exam, etc., will have to be substantiated by supporting documents and in these cases the students will receive an incomplete grade (an I) in the course and will take the exam in a common-hour sitting early in the following semester. **There will be no exceptions.**

Student Conduct & Discipline:

The University of Texas System and The University of Texas at Dallas have rules and regulations for the orderly and efficient conduct of their business. It is the responsibility of each student and each student organization to be knowledgeable about the rules and regulations which govern student conduct and activities. General information on student conduct and discipline is contained in the UTD publication, A to Z Guide, which is provided to all registered students each academic year.

The University of Texas at Dallas administers student discipline within the procedures of recognized and established due process. Procedures are defined and described in the Rules and Regulations, Board of Regents, The University of Texas System, Part 1, Chapter VI, Section 3, and in Title V, Rules on Student Services and Activities of the university's Handbook of Operating Procedures. Copies of these rules and regulations are available to students in the Office of the Dean of Students, where staff members are available to assist students in interpreting the rules and regulations (SU 1.602, 972/883-6391).

A student at the university neither loses the rights nor escapes the responsibilities of citizenship. He or she is expected to obey federal, state, and local laws as well as the Regents' Rules, university regulations, and administrative rules. Students are subject to discipline for violating the standards of conduct whether such conduct takes place on or off campus, or whether civil or criminal penalties are also imposed for such conduct.

Academic Integrity:

The faculty expects from its students a high level of responsibility and academic honesty. Because the value of an academic degree depends upon the absolute integrity of the work done by the student for that degree, it is imperative that a student demonstrate a high standard of individual honor in his or her scholastic work.

Scholastic dishonesty includes, but is not limited to, statements, acts or omissions related to applications for enrollment or the award of a degree, and/or the submission as one's own work or material that is not one's own. As a general rule, scholastic dishonesty involves one of the following acts: cheating, plagiarism, collusion and/or falsifying academic records. Students suspected of academic dishonesty are subject to disciplinary proceedings.

Plagiarism, especially from the web, from portions of papers for other classes, and from any other source is unacceptable and will be dealt with under the university's policy on plagiarism (see general catalog for details).

This course will use the resources of turnitin.com, which searches the web for possible plagiarism and is over 90% effective.

Email Use:

The University of Texas at Dallas recognizes the value and efficiency of communication between faculty/staff and students through electronic mail. At the same time, email raises some issues concerning security and the identity of each individual in an email exchange. The university encourages all official student email correspondence be sent only to a student's U.T. Dallas email address and that faculty and staff consider email from students official only if it originates from a UTD student account. This allows the university to maintain a high degree of confidence in the identity of all individual corresponding and the security of the transmitted information. UTD furnishes each student with a free email account that is to be used in all communication with university personnel. The Department of Information Resources at U.T. Dallas provides a method for students to have their U.T. Dallas mail forwarded to other accounts.

Withdrawal from Class:

The administration of this institution has set deadlines for withdrawal of any college-level courses. These dates and times are published in that semester's course catalog. Administration procedures must be followed. It is the student's responsibility to handle withdrawal requirements from any class. In other words, I cannot drop or withdraw any student. You must do the proper paperwork to ensure that you will not receive a final grade of "F" in a course if you choose not to attend the class once you are enrolled.

Student Grievance Procedures:

Procedures for student grievances are found in Title V, Rules on Student Services and Activities, of the university's Handbook of Operating Procedures.

In attempting to resolve any student grievance regarding grades, evaluations, or other fulfillments of academic responsibility, it is the obligation of the student first to make a serious effort 5 FIN 3320.011 Syllabus to resolve the matter with the instructor, supervisor, administrator, or committee with whom the grievance originates (hereafter called the respondent). Individual faculty members retain primary responsibility for assigning grades and evaluations. If the matter cannot be resolved at that level, the grievance must be submitted in writing to the respondent with a copy of the respondent's School Dean. If the matter is not resolved by the written response provided by the respondent, the student may submit a written appeal to the School Dean. If the grievance is not resolved by the School Dean's decision, the student may make a written appeal to the Dean of Graduate or Undergraduate Education, and the dean will appoint and convene an Academic Appeals Panel. The decision of the Academic Appeals Panel is final. The results of the academic appeals process will be distributed to all involved parties.

Copies of these rules and regulations are available to students in the Office of the Dean of Students, where staff members are available to assist students in interpreting the rules and regulations.

Incomplete Grade Policy:

As per university policy, incomplete grades will be granted only for work unavoidably missed at the semester's end and only if 70% of the course work has been completed. An incomplete grade must be resolved within eight (8) weeks from the first day of the subsequent long semester. If the required work to complete the course and to remove the incomplete grade is not submitted by the specified deadline, the incomplete grade is changed automatically to a grade of F.

Disability Services:

The goal of Disability Services is to provide students with disabilities educational opportunities equal to those of their non-disabled peers. Disability Services is located in room 1.610 in the Student Union. Office hours are Monday and Thursday, 8:30 a.m. to 6:30 p.m.; Tuesday and Wednesday, 8:30 a.m. to 7:30 p.m.; and Friday, 8:30 a.m. to 5:30 p.m.

The contact information for the Office of Disability Services is:

The University of Texas at Dallas, SU 22

PO Box 830688

Richardson, Texas 75083-0688 (972) 883-2098 (voice or TTY)

Essentially, the law requires that colleges and universities make those reasonable adjustments necessary to eliminate discrimination on the basis of disability. For example, it may be necessary to remove classroom prohibitions against tape recorders or animals (in the case of dog guides) for students who are blind. Occasionally an assignment requirement may be substituted (for example, a research paper versus an oral presentation for a student who is hearing impaired). Classes enrolled students with mobility impairments may have to be rescheduled in accessible facilities. The college or university may need to provide special services such as registration, note-taking, or mobility assistance. It is the student's responsibility to notify his or her professors of the need for such an accommodation. Disability Services provides students with letters to present to faculty members to verify that the student has a disability and needs accommodations. Individuals requiring special accommodation should contact the professor after class or during office hours.

Religious Holy Days:

The University of Texas at Dallas will excuse a student from class or other required activities for the travel to and observance of a religious holy day for a religion whose places of worship are exempt from property tax under Section 11.20, Tax Code, Texas Code Annotated.

The student is encouraged to notify the instructor or activity sponsor as soon as possible regarding the absence, preferably in advance of the assignment. The student, so excused, will be allowed to take the exam or complete the assignment within a reasonable time after the absence: a period equal to the length of the absence, up to a maximum of one week. A student who notifies the instructor and completes any missed exam or assignment may not be penalized for the absence. A student who fails to complete the exam or assignment within the prescribed period may receive a failing grade for that exam or assignment. If a student or an instructor disagrees about the nature of the absence [i.e., for the purpose of observing a religious holy day] or if there is similar disagreement about whether the student has been given a reasonable time to complete any missed assignments or examinations, either the student or the instructor may request a ruling from the chief executive officer of the institution, or his or her designee. The chief executive officer or designee must take into account the legislative intent of TEC 51.911(b), and the student and instructor will abide by the decision of the chief executive officer or designee.

UT Dallas Policies and Procedures

The information contained in the following link constitutes the University's policies and procedures segment of the course syllabus. Please go to <http://go.utdallas.edu/syllabus-policies> for these policies.

The syllabus and descriptions and timelines are subject to change at the discretion of the Professor!

Closing Comments:

Let's have a fun, entertaining semester, students ... while trying to learn quite a few useful concepts along the way. I am here to help you in any way I can. A solid infrastructure of resources and support is available to you, so I encourage you to take advantage of it!!

