

Business Finance
University of Texas at Dallas

This course addresses the theory and practice of financial management – the generation and allocation of financial resources. At the end of this course, every student should:

1. Obtain the knowledge of basic financial instruments, common practices in business and finance, and the major financial institutions.
2. Be able to solve any time value of money calculation. Regardless of your major, concepts and problems encountered in this course will be useful for the rest of your life.
3. Thoroughly understand the conceptual aspects of risk and return, including portfolio theory, the risk-return tradeoff, and systematic and unsystematic risk. You will encounter problems as to where to invest and how much risk to take in any career.
4. Understand the three forms of market efficiency.
5. Be able to value stock and bonds.
6. Have learned several criteria for making investment decisions, and be able to decide whether company managers should accept or reject capital investment projects.
7. Be able to compute a corporation's cost of capital.

Required Materials:

- 1) The required text is Stephen Ross, Randolph Westerfield, and Bradford Jordan, Fundamentals of Corporate Finance, McGraw-Hill Irwin, 2021, Thirteenth Edition.
- 2) A student subscription to the Wall Street Journal, which is available for free through the University of Texas at Dallas. See:
<https://utdallas.libanswers.com/faq/413785>
Almost everyone who works in finance and business reads the “Journal” as their primary source of information. For you to understand the current events in business and to compete in the information rat race, you should actively read and synthesize the journal throughout your education, job hunt, and professional career.
- 3) A three-ring binder and a calculator.

Course Requirements:

Specific topics and readings appear on the attached course outline. While we may deviate slightly from this schedule, it provides a general structure for the course.

During the term you will occasionally be asked to read selected articles in the business press. These articles will be made available to you.

End-of-chapter and supplementary problems will be assigned and will provide the basis for classroom discussion.

Midterm Exams:

There won't be lectures on the day of the exams. The exam is 75 minutes long.

Final Exam:

The final exam is cumulative and will be given at the regularly scheduled exam time.

Please take careful note of the above examination and other due dates. These dates are fixed and are non-negotiable.

Grade Determination:

The following are the weights that will be used to determine your grade:

	Portion of Grade
Exam 1	25%
Exam 2	28%
Final Exam	35%
Problem Sets (10 to 12 Short Assignments)	12%
Total	100%

In order to give a fair and consistent expectation of your final grade, my policy is to give the following scale for the course average:

90% or above is A- to A.

80% to 89% is B- to B+.

70% to 79% is C- to C+.

Homeworks are relatively short assignments. They should be turned in to receive full credit. They are worth 12% of the total grade. You can work in groups or individually. However, they are preparation for the exams and are especially useful for gauging your expertise in the materials. Attempt at them individually before working in a group will be very helpful in absorbing the materials. If you have any questions on them, feel free to contact me or the Teaching Assistants.

Honor Code:

Academic dishonesty in any form is unacceptable because any breach in academic integrity, however small, strikes destructively at the University's life and work. Your participation in this course comes with my expectation that your work will be completed in full observance of the Academic Code of Honor. Of course, receiving or giving help of any kind on an examination is a violation of this code.

Cell Phones and Laptops:

Cell phones and laptops are not expressly prohibited from use by students during class. However, students should not abuse that privilege. It should be noted that research supports that students who use laptops, tablets, or cell phones during class to “multitask” tend to do worse in terms of retaining lecture material. Students who take notes longhand tend to retain conceptual information better than students who take notes using more sophisticated technology. Please keep such research in mind when choosing how much technology you incorporate during class. In addition, please respect your classmates and professor by not distracting them with your use of technology. I reserve the right to ask you to put away these technology items or use them by moving outside the classroom.

Instructor:

Huaizhi Chen

Associate Professor of Finance

University of Texas at Dallas

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Office Hours:

My office hours: Thursday 3:30pm to 6:30pm (Free to Loiter), otherwise by Appointment. I will schedule extra office hours prior to exams or when otherwise needed.

No one ever comes to my office hours until the midterms and the final. I have used this time to give students mock interviews and advices on preparations, and prior students have found this resource to be especially useful. If you have a big interview coming up and need someone to settle your nerves, please feel free to come and chat.

Teaching Assistants:

TBA

Class Time & Location:

TBA

Tentative Class Schedule:

Class	Date	Topics
1	Friday, August 29	Chapter 1: Introduction Chapter 5: The time value of money
2	Friday, September 5	Chapter 6: Discounted cash flow valuation
3	Friday, September 12	Chapter 2: Review of Financial Statements Chapter 3: Accounting & Financial Metrics
4	Friday, September 19	Exam 1
5	Friday, September 26	Chapter 12 & 13: The risk/return trade off
6	Friday, October 3	Chapter 12 & 13: The risk/return trade off
7	Friday, October 10	Chapter 12 & 13: The risk/return trade off
8	Friday, October 17	Chapter 7: Bond Valuation
9	Friday, October 24	Chapter 8: Stock valuation
10	Friday, October 31	Exam 2
11	Friday, November 7	Chapters 4, 9, 10, & 11: Capital budgeting and Pro Forma analysis
12	Friday, November 14	Chapters 4, 9, 10, & 11: Capital budgeting and Pro Forma analysis
13	Friday, November 21	Chapter 14: Cost of capital
	Fall Break!	
14	Friday, December 21	Chapter 14: Cost of capital