

Fin3320 Business Finance – Finance 2015
Instructed by Professor **Girish Bachani**

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Office Hours: Saturday 8:00 am to 9:00 am and by appt
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Course Prerequisites:

Math1326, Math2333 (or OpRe3333) and Acct2301. Co-requisite: either Stat 3360 or OpRe 3360. Must have a basic understanding of *Excel* and balance sheets and income statements.

Course Description:

1st Module:

- a) Use accounting information to evaluate a firm's financial health and its tax burden
- b) Why investors care more about cash flow than accounting-based performance.
- c) Understand statement of cash flows how it ties back to the balance sheets and an income statement.
- d) Time value of money
- e) Value an uncertain stream of future cash flows which an asset is expected to generate.

2nd Module:

- a) Specific applications of the valuation of a stream of future cash flows - value bonds and stocks.
- b) Fundamental investing and operating decisions undertaken by a firm's management.
- c) Net present value analysis.

3rd Module:

- a) Trade-off between risk and return and on how portfolio diversification can reduce risk
- b) Common sources of long-term financing (namely, debt and equity), as well as the costs and expectations associated with each respective source of capital.
- c) Weighted average cost of capital.
- d) Overview of the theory of efficient markets.

Course Objectives:

- Apply time-value-of-money concepts.
- Describe what drives a firm's cost of capital and how to estimate it.
- Analyze investments in real and financial assets using various methodologies.

Calculators:

For the exams, you are allowed to use any calculator that you prefer except for (i) calculators that reside on smart phones or (ii) any calculator that has wireless access to the internet. Also, if you use a programmable calculator (e.g., TI-83 Plus or TI-84), you are not allowed to use the programming features of your calculator. An exam proctor will check your calculator before (or during) each exam to be sure that it complies with this rule. If the calculator is not in compliance, the proctor has the authority to remove your calculator for further use on that exam. Please do not risk having to incur the consequences. If you plan to use an unfamiliar, obscure type of calculator, you should check with your instructor any time before the actual exam date to avoid any potential complications during the actual exam.

The time-value-of-money material in this course will be taught to you in two ways: (1) using five fundamental math equations and (2) using financial-function keys on a calculator. If you master either approach, you are perfectly well-equipped to be successful in this course; mastering both approaches makes you even more competent. You are required to learn the keys on your calculator on your own.

Text, Lecture Notes, & Supplementary Notes:

S. Ross, R. Westerfield, & B. Jordan, *Fundamentals of Corporate Finance*, 10th Ed., Mc-Graw-Hill Companies, Inc. A **Connect** access code is **required** for this course to submit homework assignments and check work online.

Required: For each chapter, bring a copy of the lecture notes. These lecture notes will all be posted on *eLearning*, in folders called “Lecture Notes for Module 1”, “Lecture Notes for Module 2”, etc.

Connect: The web address for all of my sections of this Fin3320 course for *Connect* is: <http://connect.mheducation.com/class/g-bachani-fall-2015>. For each chapter (except for chapters 10 & 12), you will be completing a set of selected end-of-chapter problems that will constitute your homeworks for the semester. You must complete these homework sets on the McGraw-Hill Connect system.

Appointments:

Please send me an e-mail to schedule an appointment. Actual meeting will likely be over the phone.

Grading Policy:

Grade will largely be based on four exams, including a comprehensive final exam that will be taken in common, at the exact same time, by all students who are enrolled in all of the various sections of Fin3320 this semester. Please note that the exams are weighted differently, as shown in the table that follows. **ROUNDING:** Before calculating the final overall grade, each score (Exams 1, 2, and 3, and the Homework) is rounded to the nearest 100th of a percent. Final grades are also rounded to the nearest 100th of a percent. **SCALE:** A grade $\geq 93.33\%$ is an A, a grade $< 93.33\%$ and $\geq 90.00\%$ is an A–, a grade $< 90.00\%$ and $\geq 86.67\%$ is a B+, a grade $< 86.67\%$ and $\geq 83.33\%$ is a B, a grade $< 83.33\%$ and $\geq 80.00\%$ is a B–, a grade $< 80.00\%$ and $\geq 76.67\%$ is a C+, and so on.

<u>Graded Item(s)</u>	<u>Weight</u>	<u>Graded Item(s)</u>	<u>Weight</u>
Exam 1	20.0%	Homework Assignments	10.0%
Exam 2	20.0%	Class Participation	5.0%
Exam 3	20.0%	Final Exam	25.0%

Policy for Homework (HW) Scoring:

The total points possible on the semester’s worth of HW assignments are roughly 640. Your homework score will be calculated out of a base that will be 120 points lower. If the total points possible equals 640, your HW scores will be graded on a base of 520.

Essentially this allows any student either to skip a couple of assignments altogether or to complete all of the assignments with multiple sub-par performances – in either case with no penalty.

The maximum points that you can achieve will be equal to the base. In other words, you cannot obtain a HW score that is greater than 100% of the base.

Exams Policy: Exams are closed-book, closed-notes. Laptops are not allowed. The only kinds of calculator that are allowed are described earlier in the “Calculators” section of the syllabus. You must also each bring your Comet Card for proper identification during each exam.

I do not allow make-up exams. If you are to miss an exam due to acceptable circumstances, you must notify me prior to your absence, and I will explain your options to you.

Also, please note the date of the comprehensive Final Exam. You must take the Final Exam as scheduled.

Curving: For any of the three mid-term exams, if the average score is less than 78.5 (out of 100.0), I reserve the right to upwardly revise every student's score by the difference between the class average on the exam and 78.5. Any upward revision will occur in parallel, across all students, in half-point increments until the 78.5 average is met or exceeded. Any upward shifts on the high end of the range of grades cannot result in any exam score that is greater than 100.0. Scores on the uniform final exam (described next) will be curved at the aggregate level, so that I will not curve the scores once they are delivered to me.

Uniform Final Exam:

A common final exam will be given for all students across all sections of this Fin3320 course. Our section will be assigned a specific time slot by the registrar's office and I will notify you of the timeslot when it is known. You cannot make up this 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, cellphones, laptops, notebooks, or scratch paper. Please see the section above titled "Calculators" for information about what types of calculators are permitted for this exam. You will have to bring a pencil, an eraser, an acceptable financial calculator, a Scantron form 882-E, 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 identification. If a student is to miss an exam in the event of an medical emergency, a car accident, or a religious holy day, the student must notify his/her instructor by e-mail or telephone before the final exam begins. Last-minute emergencies such as hospitalization, car wrecks on the way to the exam, et cetera, 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. The exam will be in Texas Instruments Auditorium. See the final page of the course syllabus for the date and time of this exam.

University of Texas at Dallas Policies and Procedures for Students:

The University of Texas at Dallas provides a number of policies and procedures designed to provide students with a safe and supportive learning environment. Brief summaries of the policies and procedures are provided for you at <http://go.utdallas.edu/syllabus-policies> and include information about technical support, field trip policies, off-campus activities, student conduct and discipline, academic integrity, copyright infringement, email use, withdrawal from class, student grievance procedures, incomplete grades, access to Disability Services (Office of Student AccessAbility – OSA), religious holy days, and avoiding plagiarism. You may also seek further information at these sites: <http://www.utdallas.edu/deanofstudents>, <http://www.utdallas.edu/deanofstudents/policies>, and <http://www.utdallas.edu/studentaccess>.

Academic Integrity:

The faculty expects a high level of responsibility and academic honesty from its students. Academic responsibility and honesty are important and any departures and/or violations could severely affect your grade and university status. For additional information, please see <http://policy.utdallas.edu/utdsp5003>.

Withdrawals:

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. The student is responsible for fulfilling the withdrawal requirements associated with 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" and receive a "W" instead in a course if you choose not to attend the class once you are enrolled. I will not announce withdrawal deadlines or any other enrollment-related dates.

COURSE SCHEDULE:

<u>Dates:</u>	<u>Saturday</u>	<u>Homework Due Dates</u>
Aug 29 th	Intro, Ch.2	Ch. 2 HW due Sept 4 th
Sept 5 th	Ch. 3	Ch. 3 HW due Sept 11 th
Sept 12 th	Ch. 5; Ch. 6	Ch.-5 HW due Sept 18 th
Sept 19 th	Ch. 6	Ch.-6 HW due Sept 25 th
Sept 26 th	Exam 1; Ch. 8	
Oct 3 rd	Ch. 8; Ch. 7	Ch.-8 HW due Oct 9 th
Oct 10 th	Ch. 7; Ch. 9	Ch.-7 HW due Oct 16 th
Oct 17 th	Ch. 9; Ch 10	Ch.-9 HW due Oct 23 rd
Oct 24 th	Ch. 10	Ch.-10 HW due Oct 30 th
Oct 31 st	Exam 2; Ch. 11	
Nov 7 th	Ch. 11; Ch. 13	Ch.-11 HW due Nov 13 th
Nov 14 th	Ch. 13; Ch. 14	Ch.-13 HW due Nov 20 th
Nov 21 st	Ch. 14; Ch. 12	Ch.-14 HW due Nov 27 th
Nov 28 th	Fall Break	No Homework from Ch.12
Dec 5 th	Exam 3; Review for Final	

Dec 12th Final Exam Comprehensive Exam – Texas Instruments Auditorium

Section 001 will take the exam from 11:00 am to 1:35 pm