BFIN 651.60: Cornerstone of Graduate Finance

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BFIN 651
Cornerstone of Graduate Finance

Professor: Bruce A. Costa, Ph.D.
Office: GBB 316
Semester: Fall 2014
Office Phone: 243-6155

Section: 01 MW 9:40 - 11:00 (8/25 – 9/27)
Location: GBB L14
Section: 60 Monday evenings 6:10 to 9 GBB 104 and via Internet

Email: bruce.costa@umontana.edu
Office Hrs: MW 11 – 12:00 and by appointment

Web page: http://www.business.umt.edu/FacultyStaff/BruceCosta.aspx

Course Description:
This class is the lead-in course for BFIN 681, Financial Management. If you have only had one undergraduate finance course or are rusty using a financial calculator this course will prepare you for more in-depth graduate courses in finance. We will discuss corporate structure, agency issues, financial statements and models, discounted cash flow, and time value of money.

*If you feel uncomfortable with finance or would like to strengthen your knowledge about finance, this class is for you!*

Text Book:
Special edition paperback book that will be used for this class and BFIN 681 is available at the UM book store. The 10-digit ISBN is: 1-121-86211X

Financial Press:
The Wall Street Journal is required for this class. See the instructions attached to this syllabus on how to purchase a subscription to either the Wall Street Journal or Barron’s.

Financial calculator (required):
I recommend that students learn to use the Texas Instruments BAII PLUS financial calculator. Becoming familiar with a financial calculator will help you to solve real world problems and prepare you using Excel in more complex problems. This is the calculator that I will be using for the course.

SoBA Mission Statement
The University of Montana’s School of Business Administration enhances lives and benefits society by providing a world-class business education in a supportive, collegial environment.
We accomplish this mission by acting on our shared core values of creating significant experiences, building relationships, researching and teaching relevant topics, behaving ethically, and inspiring individuals to thrive.

**Master of Business Administration Mission Statement**
The University of Montana MBA Program’s mission is to serve our region by developing leaders to effectively manage organizations in a global business environment.

**Master of Business Administration Assessment and Assurance of Learning**
As part of our assessment process and assurance-of-learning standards, the MBA program has adopted six learning goals for our students. These are as follows:

UM MBA Graduates will demonstrate:
1. Integrated knowledge of business functions
2. Communication skills and teamwork ability
3. Ethical conduct, social responsibility, and professional leadership
4. Analytical and innovative thinking in business problem solving
5. Knowledge and application of current trends in information technology
6. Ability to evaluate the implications of operating in the global business environment

**Course Objective:**
We will review corporate structure, agency issues, financial statements and models, discounted cash flow, and time values of money and how to use a financial calculator.

**Exams & Quizzes:**
There will be two exams and five quizzes (Chapter 1 is for practice only), all done online via Connect. Due dates for the exams and quizzes are posted in the schedule and on Connect. Each quiz may be taken twice before the due date; only the highest score will be used in determining your grade. Exams may be only taken once and must be completed by the due date and time noted on the schedule. Results for each exam will be available on Connect after the due date. Note all exams are scheduled for a Sunday evening, there will be a 3 hour window to complete the 2 hour exam.

**Connect page:**
You can purchase access to Connect here and take the quizzes and exams.

http://connect.mcgraw-hill.com/class/b_costa_graduate_finance_fall_2014

**Homework:**
The questions and problems assigned will be collected. For those enrolled in section 1, homework will be due in class on the date noted. For those in section 60, homework is due by 11:59PM on the date noted if you are not attending the evening section in person. You can turn it in via the drop box on Moodle. The following day the homework
solutions will be available on Moodle. To get full credit for homework you must show your work, not just your answer to the problem.

**Grading and Participation:**
Attending, coming prepared and participating in class discussion is expected of all students. I expect you to have read the chapter prior to us covering it in class.

Grade Scale:
I will use a modified “+” and “-” system along with the standard letter grades to report your final grade.

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<th>Grade</th>
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<tr>
<td>A</td>
<td>93+</td>
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<td>B+</td>
<td>87-90</td>
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<td>D</td>
<td>60-69</td>
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<td>F</td>
<td>60-</td>
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Course grades are non-negotiable, I do not give out “extra credit” assignments to improve final grades and incompletes are not given due to a failing grade.

**Grade Weighting:**
Exams (2) 70%
Quizzes (4 total) 30%
Homework (4 collected) 30%

Homework will be collected and marked pass/fail. For every “fail” you will loose one point off your final grade. For every “pass” you get credit towards any curve that might be applied at the end of the class.

**Email:**
Faculty may only communicate with students regarding academic issues via official UM email accounts. Accordingly students must use their UMontana accounts. Email from non-UM accounts may be flagged as spam and deleted without further response. Due to security issues, confidential information (including grades and course performance) will not be discussed via email.

**Student Code of Conduct:**
All students are expected to be familiar with University of Montana’s Student Code of Conduct. Specifically you should have read Section IV, Academic Conduct. You can download a copy at: [http://www.umt.edu/vpsa/documents/Student%20Conduct%20Code%20FULL%20-%20UPDATED%20AUG%202012.pdf](http://www.umt.edu/vpsa/documents/Student%20Conduct%20Code%20FULL%20-%20UPDATED%20AUG%202012.pdf)
**Professional Conduct:**
For those coming to class, class will start on time, so don’t be late and don’t be using or checking your cell phone during class.

**Classroom Philosophy:**

**My Role:** My role will be to act as a facilitator. I will provide opportunity, structure and direction to facilitate your learning of fundamental concepts centered on the concepts of financial management. I will also provide you opportunities to begin developing skills and experience useful to a teamwork approach utilized in many of today’s corporations.

**Your Role:** Your role is to engage in active learning, both individually and collectively. You will learn and apply important financial concepts while you gain experience working collaboratively with others to solve the problems. Your success in this class, as in life, will depend on both your effort and performance.

**A Final Thought:**

Over 2400 years ago Confucius said:

What I **hear**, I forget.
What I **see**, I remember.
What I **do**, I understand.

A wise and humble professor of mine at FSU modified Confucius’ statement to be more relevant in today’s classroom environment:

What I **hear**, I forget.
What I **hear and see**, I remember a little.
When I **hear, see, and ask questions about or discuss** with someone else, I begin to understand.
When I **hear, see, discuss, and do**, I acquire knowledge and skill.
When I **teach to another** I master.

Our goal is to learn. Let us all remain cognizant of how the process really works.

The course schedule provided is an outline that we will try to follow throughout the semester. It is subject to change and you should not assume that it is written in stone!
**How do I purchase a WSJ subscription?**

**Option A – Bookstore Packet**

Purchase the WSJ subscription packet at the bookstore. The packet is located near your textbook and includes a Student Resource Guide. After purchasing, use the bookstore code and instructions inside the packet to activate the subscription.

**Option B – Online Subscription Form**

Use the online order form at [www.wsj.com/impress](http://www.wsj.com/impress) to purchase a one or two-year subscription. If you prefer 15 weeks, you may go to [www.wsj.com/studentoffer](http://www.wsj.com/studentoffer). Must have a credit card to complete this purchase online. Students are also required to verify their student enrollment before proceeding to the order page, by submitting their legal name as it appears on college transcripts and birth date.

**Important Registration Information – Bookstore Packets and Online Subscription Forms**

Professors are provided a list of their WSJ student subscribers. To be on that list, make sure to follow these instructions when activating your bookstore packet or online subscription:

- Under School Information use the following:
  - First 3 digits of the school zip code – 598
  - School Name – click on UNIVERSITY OF MONTANA
  - Referring Professor – click on COSTA, BRUCE

Upon activation you will have immediate access to WSJ.com. Your print paper will begin in 3-5 days after you complete the activation and will be delivered to the address you list on the activation form.

**What is the cost for the subscription?** The 15 week subscription is ONLY $16.00 for the Fall 2014 Semester. The 1-year rate is $99.95 and the 2-year rates is $199.00 (best offer)

**What do I receive with the subscription?** You receive the print paper 6 days a week, full access to WSJ.com (not available at the library), Smartphone and Tablet editions.

**Can I opt-out of the print delivery?** Not at this time. The best rate available is the educational bundle which includes print delivery. The print paper is an easy way to stay on top of current events and find interesting information you may not normally look for online.

**Can I also read the print paper online if I miss a paper?** Yes. The entire electronic version of the print edition can be located on WSJ.com under “Today’s Paper” near the top, left corner next to “QUICKLINKS”. Also available there is an archive of the last 90 days of papers and 4 years of archived articles.

**What do I do if I need to change my delivery address or I do not receive the print paper?** Contact our Customer Center by clicking on your name in the upper, right corner of WSJ.com. There, you may report a missed delivery, make address changes, suspend or resume a subscription during breaks and get general account assistance.

**How can I order Barron’s?** Go to [www.barrons.com/studentoffer](http://www.barrons.com/studentoffer)

Or, you may call customer service at 1-800-JOURNAL, Monday-Friday 7 AM-10 PM, EST; Saturday 8 AM-3 PM, EST.
How do I purchase a Barron’s subscription?

**Online Subscription Form**

Use the online order form at [www.barrons.com/studentoffer](http://www.barrons.com/studentoffer) to purchase a subscription. Students must have a credit card to complete this purchase online.

**Important Registration Information – Online Subscription Forms**

Make sure to follow these instructions when activating your online subscription:

- Under School Information use the following:
  - First 3 digits of the school zip code – 598
  - School Name – click on UNIVERSITY OF MONTANA
  - Referring Professor – click on COSTA, B

Upon activation you will have immediate access to barrons.com. Your magazine delivery will begin in 3-5 days after you complete the activation and will be delivered to the address you list on the activation form.

**What is the cost for the subscription?**  The 15 week subscription is $16.00, and the 1-year rate is $52.00. These subscriptions are offered at a 60%+ discount – our very best offer!

**What do I receive with the subscription?**  You receive the print magazine once a week and full access to barrons.com.

**Can I opt-out of the print delivery?**  Not at this time. The best rate available is the educational bundle which includes print delivery. The print magazine is an easy way to stay on top of current events and find interesting information you may not normally look for online.

**Can I also read the print magazine online if I miss a delivery?**  Yes. The entire electronic version of the print edition can be located on barrons.com under the “magazine” link. Simply click on “This Week’s Edition” or “Past Editions”.

**What do I do if I need to change my delivery address or I do not receive the print magazine?**  Contact our Customer Center by clicking on your name in the upper, right corner of barrons.com. There, you may report a missed delivery, make address changes, suspend or resume a subscription during breaks and get general account assistance.

Or, you may call customer service at 1-800-JOURNAL, Monday-Friday 7 AM-10 PM, EST; Saturday 8 AM-3 PM, EST.