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BFIN 322.02: Business Finance

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*University of Montana BFIN 322
Syllabus and Course Outline
Fall Semester 2015*

Professor: Dr. Timothy A. Manuel

Course Title: Business Finance

Class: *Section 1: MW 12:40-2:00; GBB 119, CRN: 71292; Section 2: MW 2:10-3:30; GBB 119, CRN: 71293*

Office: GBB 305

Office Hours: 11:10-12:15, 3:40-4:10MW or by appointment. Times available by appointment: 10:00-12:00 TTH. Come by during office hours at any time, but outside of office hours please try to schedule appointments at least one day in advance.

Contact Methods: **Phone:** x2511, **Fax:** x6925, **Email:** tim.manuel@business.umt.edu

Required Materials:

- Ross, Stephen A., Randolph W. Westerfield and Bradford D. Jordan. **Custom book version of *Essentials of Corporate Finance*, 8th edition**, with **Connect Homework Manager System**, Richard D. Irwin Publishing. ISBN-13:978-0-07-809677-8
- Abbreviated Course notes are available in a Fac-Pac from the bookstore (required).
- You must have access to the Internet and to the **Connect Homework Manager** that comes with the text.
- A **financial calculator** is required. I require you to learn the equations and to know how to use a financial calculator. I occasionally lecture on how to use the Hewlett-Packard and TI *business* calculators. The TI calculator is the preferred choice. I may or may not be able to help you find solutions to problems if you have another type of calculator. Make sure your calculator has a y^x key and a LN key.

Course Learning Goals:

This course is a junior level introductory course to the field of business finance. The course provides a fundamental introduction to the mathematics of finance and the determinants of firm value. The course will stress corporate applications rather than investments or financial institutions. Students shall be able to:

1. Demonstrate how working capital management, capital budgeting and capital structure relate to creating value for shareholders.
2. Apply time value of money techniques to valuing loans, bonds, stocks and capital investments.
3. Understand how risk and reward are related to value.

While the course emphasizes corporate financial management, the concepts of valuation developed can be extended to investment management and other related areas of finance. A strong understanding of these fundamentals is required for future finance courses. Please read the appropriate chapter(s) and obtain the appropriate set of notes prior to the lecture.

Prerequisites:

Junior, senior or graduate standing is required. In addition, all students should have successfully completed all lower division common body of knowledge requirements before taking this class. If you have not completed the requirements you must drop the class or you will receive a **failing grade** for the class. This may result in forfeiture of all tuition and fees paid.

Cheating:

Anyone who gives or receives help on a test or other graded assignment will at a minimum receive a grade of zero for that test or assignment. There are no exceptions to this rule. **Each student is expected to do his/her own work. All students must practice academic honesty.** Academic misconduct is subject to an academic penalty by the course instructor and/or a disciplinary sanction by the University. All students need to be familiar with and adhere to the *Student Conduct Code*. The Code is available for review online at <http://www.umt.edu/SA/VPSA/indec.cfm/page/1321>. The SoBA Code of Professional Conduct is now available online at <http://www.business.umt.edu/Soba/SoBAEthics/CodeofProfessionalConduct.aspx>. **SoBA ethics page:** <http://www.business.umt.edu/soba/SoBAEthics.aspx>



Transcendent. We commit to rise above self-interest and work for a vision greater than ourselves.

Hardworking. We are known for our Montana work ethic. Nothing valuable in life can be achieved without hard work and dedication.

Resourceful. We will respond and successfully adapt to a changing environment. We see opportunities in new challenges and are confident we can succeed.

Initiative. We make things happen in our lives, we don't just let things happen. We are the next generation of business leaders who will bring about a better future.

Virtuous. We are committed to upholding moral and ethical principles even when there is a personal cost. We will be people of integrity. We will act with honor in all that we do, always bringing credit to ourselves and the University of Montana.

Excel. We are trained to exceed expectations and overcome all challenges so that we will have every opportunity to succeed in our chosen field.

Grading:

There will be four equally weighted 100 point tests worth 85% of your grade, plus up to 100 points of web based graded homework worth 15% of your grade. Students must have access to the Internet based McGraw-Hill Connect Homework Manager (access comes with the purchase of a new textbook). We will cover at least twelve chapters of the text. Homework for each chapter will count as 10 points. Your **two lowest** homework scores will be dropped, so you may gain up to 100 points on homework.

Your final course grade will be determined as (85% * Test average) + (15%*Connect Homework score).

I will use “+” and “-” along with the standard letter grades to report your final grade. The grading scale is presented below and is after any curve(s):

$A \geq 93$	$77 \leq C+ < 80$
$90 \leq A- < 93$	$73 \leq C < 77$
$87 \leq B+ < 90$	$70 \leq C- < 73$
$83 \leq B < 87$	$60 \leq D < 70$
$80 \leq B- < 83$	$F < 60$

Cheat Sheet: You may use a one page (both sides) 8½ x 11 cheat sheet and a calculator (no laptops, cell phones or handhelds) on all tests, but you may not assist or receive assistance from other students. You may not use a cell phone during the test. All tests are true/false and multiple choice. All tests, including the final, must be taken with your enrolled section unless prior arrangements have been made with me, otherwise you will receive a grade of zero for that test. All grades are nonnegotiable.

Attendance:

I cannot overstate the importance of regular attendance. If you feel that you will not be able to attend class regularly, then this is not the course for you. Even though you are given notes, you will still need to be in class to learn the material. I will take attendance at random intervals throughout the semester. The attendance record will determine the curve you receive for the next test. **If you miss more than 2 days of material for an individual test the curve (if any) on your test will be reduced or eliminated.** As an example, if you are present on 50% of the days when attendance is taken, you may receive only 50% of the curve. Your attendance and participation are essential to an understanding of the course material. Students who do not attend my class on a regular basis generally earn much lower grades. Work, transportation and vacation will not normally result in an excused absence. Documented emergency situations will normally be excused, but they must be cleared as soon as possible. Don't use up your absences on frivolous reasons! **I may count arriving late, leaving class early without permission, not having the assigned notes with you, or otherwise being unprepared or disruptive as an unexcused absence.**

Finally, if you miss more than 5 days when I take attendance, your final grade in the course will be an “F”.

Makeup Tests:

Makeup tests will generally not be given, but I am flexible in assisting you to take the exam in a timely fashion if you work with me and arrange to take the test before it is handed back. If you must miss a scheduled exam you must notify me in writing prior to the missed exam, otherwise you will receive a grade of zero for that exam. Work and transportation problems will not normally result in an excused absence so plan ahead. In the rare circumstances where a makeup is given, it may be significantly different and is often harder than the regular tests because there are only so many obvious questions to ask. A makeup may not be the same form of test or may be supplemented with an oral exam at my option.

Students with Disabilities:

Students with disabilities may request reasonable modifications. The University of Montana assures equal access to instruction through collaboration between students with disabilities, instructors, and Disability Services for Students (DSS). “Reasonable” means the University permits no fundamental alterations of academic standards or retroactive modifications.

BFIN 322 Fall 2015 Tentative Course Outline

Tests & assignment dates are subject to changes announced in class. You are responsible for coming to class and finding out about any changes in test/assignment dates. You must attend your section for all tests. Practice homework may be assigned to help you learn the material. Text homework is not graded and will not be turned in.

Day Fall 2015 BFIN 322 Tentative Course Outline (Dates and assignments may be changed as announced in class and via email)

1	Aug	31	M	Syllabus, Introduction, Chapter 1 & 2, Introduction, Financial Statements, Taxes & Cash Flow
2	Sep	2	W	Ch. 1 & 2 cont.
3		7	M	No Class Labor Day
4		9	W	Ch. 1 & 2 cont.
5		14	M	Ch. 3 Working with Financial Statements
6		16	W	Ch. 3 cont.
7		21	M	Ch. 3 cont.
8		23	W	Ch. 3 cont. Ch. 16 Short Term Financial Planning
9		28	M	Ch. 16 Short Term Financing
10		30	W	Test 1 over Chapters 1, 2 & 3
11	Oct	5	M	Ch. 16 cont. & Ch 15 Raising Capital
12		7	W	Ch. 15 cont.
13		12	M	Ch. 15 cont.
14		14	W	Ch. 15 cont. if needed & Ch. 4 Introduction to Time Value of Money (TVM)
15		19	M	Ch. 4 cont. & Ch. 5 Discounted Cash Flow Valuation
16		21	W	Test 2 over Chapters 16, 15 & 4 (Tentative)
17		26	M	Ch. 5 cont.
18		28	W	Ch. 5 cont.
19	Nov	2	M	Ch. 5 cont.
20		4	W	Ch. 5 cont. if needed and Ch. 6 Interest Rates
21		9	M	Ch. 6 cont.
22		11	W	No Class, Veteran's day
23		16	M	Ch. 6 cont. and Ch. 7 Equity Markets & Stocks
24		18	W	Ch. 7 cont.
25		23	M	Ch. 7 cont. and Ch. 8 NPV & Other Capital Budgeting Criteria
26		25	W	No Class, Thanksgiving break
27		30	M	Test 3 over Chapters 5, 6 & 7 (Tentative, could be before Thanksgiving break)
28		2	W	Ch. 8 cont. Ch. 10 & 11 Risk: Historical Experience & Required Returns
29	Dec	7	M	Ch. 10 & 11 cont.
30		9	W	Ch. 10 & 11 cont.
				Test 4 Finals week (see below)

Finals Week: **Test 4** over remaining material since Test 3 at the following time & place:

<u>Class Section</u>	<u>Exam Date</u>	<u>Exam Time</u>	<u>Exam Location</u>
Section 1	Friday December 18, 2015	8:00-10:00 AM	TBA
Section 2	Thursday December 17, 2015	1:10-3:10 PM	TBA

Unless you have permission from me you must attend your scheduled section for all tests or you will receive a grade of zero for that test.

Using the McGraw-Hill CONNECT Homework system for Finance 322

Using the McGraw-Hill CONNECT Homework system for Finance 322

Instructor: Tim Manuel

School: University of Montana

Book/Author: Ross, Westerfield, Jordan / Essentials of Corporate Finance, Custom Book, 8th Ed

Class Name/Section #'s: BFIN 322, Sections 1 and 2 only

Please register for the appropriate section

Section 1: 12:40-2:00 MW (CRN 71292)

To register for this section, **Fall 2015 Section 1 from 12:40-2:00 TTh**, please go to the following website:

<http://connect.mheducation.com/class/t-manuel-section-1-1240-200-mw>

and click the “register now” button. This is a unique address for this section of this class.

Section 2: 2:10-3:30 MW (CRN 71293)

To register for this section, **Fall 2015 Section 1 from 2:10-3:30 TTh**, please go to the following website:

<http://connect.mheducation.com/class/t-manuel-section-2-210-330-mw>

and click the “register now” button. This is a unique address for this section of this class.

If you have trouble with registration please contact McGraw-Hill Customer Support at <http://bit.ly/StudentRegistration>.

You must register for the proper section if there are multiple sections of the course.

If you purchased a new text you may go to your section’s website (see above for your section number if applicable) and register to use the Connect Homework system. You will need your student code that comes with your book.

If you purchased a used text or do not have a text you can purchase access to the system online at the website for your section.

When answering homework questions pay close attention to the question’s instructions. Some questions require different levels of accuracy and rounding. Your calculator should be set to at least four decimal places. I can show you how to change the decimal places on your calculator if necessary.

SCHOOL OF BUSINESS ADMINISTRATION MISSION STATEMENT

The University of Montana's School of Business Administration is a collegial learning community dedicated to the teaching, exploration, and application of the knowledge and skills necessary to succeed in a competitive marketplace.

SHARED CORE VALUES

- Student-centered, participative, interactive, collegial learning environment
- Teamwork within the School and responsive collaboration with stakeholders
- Life-long learning and professional development
- Excellence, with a focus on continuous improvement
- Innovation and openness to risk
- Maintenance of high-level professionalism
- Integrity in all we do
- Diverse perspectives
- Sustainability, responsiveness and flexibility for an ever changing world

**Assurance of Learning
School of Business Administration
University of Montana**

Learning Goal 1: SoBA graduates will possess fundamental business knowledge.

Objectives:

- Students will demonstrate fundamental business knowledge on a nationally normed test or a locally prepared test.
- Students will demonstrate fundamental business knowledge of business concepts while working in an internship.

Learning Goal 2: SoBA graduates will be able to integrate business knowledge.

Objectives:

- In a business plan and/or business simulation game, students will integrate concepts from several of the functional areas of business.

Learning Goal 3: SoBA graduates will be effective communicators.

Objectives:

- Students will demonstrate the ability to write effectively.
- Students will deliver professional quality oral presentations.
- Students will demonstrate writing skills in internships.

Learning Goal 4: SoBA graduates will possess problem solving skills.

Objectives:

- Students will use appropriate tools to identify the root cause of a business problem.
- Students will use brainstorming tools to identify relevant alternatives for solving a business problem.
- Students will effectively analyze alternatives using quantitative tools.
- Students will effectively analyze alternatives using qualitative tools.
- Students will use appropriate tools to select a solution from competing alternatives.
- Students will identify metrics that will indicate the success or failure of the implemented solution.
- Students will demonstrate problem solving skills in internships.

Learning Goal 5: SoBA graduates will have an ethical awareness.

Objectives:

- Students will demonstrate moral reasoning on a nationally normed test.
- In a case, students will recognize potential ethical dilemmas in a business situation.
- In a case, students will identify the consequences of different ethical perspectives when applied to an ethical dilemma in a business situation.
- Students will recognize potential ethical dilemmas in internship situations.

Learning Goal 6: SoBA graduates will be proficient users of technology.

Objectives:

- Students will understand the role of technology in creating business innovations and in obtaining competitive advantage.
- Students will make appropriate use of spreadsheets (formulas, tables, and graphs).
- Students will effectively use spreadsheets and other technology in an internship situation.
- Students will design and construct a web page.

Learning Goal 7: SoBA graduates will understand the global business environment in which they operate.

Objectives:

- Students will understand how globalization impacts U.S. economic conditions and workforce dynamics (e.g., employment opportunities, etc.)
- Students will understand how different operating and cultural conditions affect the general conduct of business in different areas of the world.
- Students will demonstrate global business knowledge on a nationally normed test.