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BFIN 322.02: Business Finance

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BFIN 322 -03 BUSINESS FINANCE

Semester: Spring 2016
Sections: 03 TR 9:40 GBB 122

Instructor: Donald G Gaumer
Email: don.gaumer@business.umt.edu

Office: GBB 338
Office Phone: 243-6618 (Not often answered)

Office Hrs: Tuesday & Thursday (11:00-12:30), other times by appointment

In order to insure that you get credit for being in class and contributing to discussions I need to know who you are and if you are in class. It is very important that you execute the requests listed below. Your photo will make sure I correctly recognize you as the "one of three Sams in the class" that actually participated! The IClicker is the attendance mechanism and we will start each class with a discussion based on a Wall Street Journal article of interest to a student who will be randomly selected at the beginning of each class. So please:

To be completed by February 2, 2015

- **Have textbook in hand**
- **Be signed up on Connect**
- **Post Photo on Moodle**
- **Subscribe to the Wall Street Journal**
- **Acquire a Texas Instruments BAI Plus or BAI Plus Professional calculator.**

I will not accept excuses. Failure to have these requests completed will reduce your homework grade component by one grade for each missing element. Example: miss all four and four of your homework scores will be recoded as a grade of zero.

Text Books:

S.A. Ross, R.W. Westerfield, and B.D. Jordan, Essentials of Corporate Finance, 8th Edition, Irwin McGraw-Hill and course homework software. (Required)

Book is available in hardcover or special edition soft cover specific to the University of Montana.

Wall Street Journal: (Required) Sign up at:

<https://buy.wsj.com/offers/html/JIEofferWPP151.html>

Moodle:

All course materials can be found on Moodle.

Financial Press: Bloomberg Business Week, Investor's Business Daily or Barons,
(Recommended),

Financial calculator (required):

I recommend that students learn to use the Texas Instruments BAI PLUS financial calculator. If you can afford the extra \$15 or so dollars purchase the "Professional" model. It has one extra function you will use but more importantly you will be more confident in calculation with the tactile performance. Becoming familiar with this calculator will help you to solve more real world problems. This is one of two calculators used in the finance department and is the one that I will be using for the course. Other Calculators will work; however, the burden will be on you to conversions the instructions from those provided for the BAI. Programmable calculators may be used in class but are forbidden for exams.

You must bring this with you to every class session.

School of Business Administration/Mission Statement

The faculty and staff of the School of Business Administration at The University of Montana – Missoula are committed to excellence in innovative experiential learning and professional growth through research and service. 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.

School of Business Administration/Assessment and Assurance of Learning

As part of our assessment process and assurance-of-learning standards, the School of Business Administration has adopted five learning goals for our undergraduate students:

- Learning Goal 1 – SoBA graduates will possess fundamental business knowledge/integrated business knowledge.
- Learning Goal 2 – SoBA graduates will demonstrate communication skills.
- Learning Goal 3 – SoBA graduates will possess problem solving skills/creative thinking skills.

- Learning Goal 4 – SoBA graduates will have an ethical awareness and demonstrate ethical decision making.
- Learning Goal 5 – SoBA graduates will demonstrate the use of technological skills for communication and problem solving

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. 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.

Course Pre-requisites:

Students registered for this course must be juniors or higher in standing and have completed the lower core requirements for the school of business. If you have not taken the prerequisites courses then you should drop this course now.

Exams:

Exams (4) Four exams are scheduled; each will cover 2-4 chapters and consist of 33 questions. There is no comprehensive final, however material covered early in the session will appear in later chapters. The four exams will make up 80% of your final grade.

Exam format will consist of multiple choice problems. Exam questions will be closely related to the assigned problems, and problems done in class.

Online Quizzes:

Each chapter has an assigned online quiz. Students must have a registration student code and enroll at: <http://connect.mheducation.com/class/d-gaumer-copy-of-bfin-322-spring-2016-section-03>

The 12 quizzes represent 20% of your final grade. See course schedule for when the quizzes must be completed. Each quiz may be taken a total of three times prior to the deadline for submission (shown on the course schedule) the highest score will be the one recorded for grade purposes. The best 10 grades will be used to compute the final homework grade component.

Do not underestimate the importance of doing these quizzes and using all three attempts to achieve the best possible score. History shows many examples of homework either making or breaking a student's semester. I hope you will all complete ten of the quizzes with a perfect score.

Assigned Problems

These are questions and problems from the text that I think you should be able to complete for test purposes. These problems will not be collected, but solutions will be made available on my course web page. The solutions to these problems are provided to you so that you can check your work and prepare for the exams. Finance involves numbers; therefore I ***strongly recommend*** completing the assigned problems and the Chapter Review and Self-Test Problems found at the end of each chapter. Regular attendance and completing the assigned problems will provide a good foundation for successfully completing the course.

The text book also has the answers, but not the solutions, for all odd numbered questions. You can never do too many problems in this course! If you would like to go over your answers, please come by during office hours to review your work.

Attendance:

I can not 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 I post the notes on the web, you will still need to be in class to learn the material. I will take attendance on a random basis. I will use this record of attendance to compute how much of the final curve at the end of the semester you will receive along with any curve on each exam.

For example, say the curve at the end of the semester is 1.6 points and I took attendance 4 four times during the semester. If you signed the attendance roll four times you would get 1.6 points added on to your final average. If you were here only twice when I took attendance you would get $(2/4) \times 1.6 = 0.8$ points added to your final grade. I reserve the right to take attendance as often as I choose and the final curve if any is solely at my discretion.

If you miss class more than 2 days when I take attendance, your final grade will drop one full letter grade, (B- becomes a C-). If you miss more than 7 days when I take attendance, your final grade in the course will go to "F".

Grade Scale:

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.

A =93	C =73
A- =90	C- =70
B+ =87	D+ =67
B =83	D =63
B- =80	D- =60
C+ =77	F < 60

Major Field Examination:

Starting in the 2007-2008 catalog, a graduation requirement for business students (page 253) is "Pass the major field examination." This examination covers material from ACCT 201, ACCT 202, IS 257, IS 270, FIN 322, IS 341, MGMT 340, and MKTG 360.

Student Code of Conduct:

All students are expected to be familiar with University of Montana's Code of Conduct. You can find a copy of it at: www.umt.edu/SA/documents/fromWeb/Ed.StudentConductCode.doc

Use of any work that is not your own is a violation of this code and will not be tolerated.

Cell Phones:

While we often stress the importance of multi-tasking in the work place, in the class room it's best to have your full attention focused on the task at hand. Cell phones are to be turned off when entering the class room. Using a cell phone as a calculator is not acceptable. No texting during class. If I see your cell phone out, I will ask you to leave class and you will be marked absent for that day.

Laptop & Tablet computers: These devices are forbidden in class unless, and only, if you have purchased an electronic text book. If you do have an electronic text you must contact me so that I can exempt you from this prohibition.

Attire: I hope you will dress in a way that shows you are being trained here to enter a professional environment following graduation. One specific rule in this class is that hats of any kind are to be removed upon entering the class.

Email:

As of 1 July 2007, faculty may only communicate with students regarding academic issues via official UM email accounts. Accordingly students must use their GrizMail accounts (netid@grizmail.umt.edu or fname.lname@umontana.edu). 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.

Class Period: I expect you to be seated in class at the time class begins and remain there until class is complete. I further expect that you will come to class prepared to work for the entire class period. This means that I will take a dim view of anyone that must leave the class room for any reason. During exam sessions departure from class is strictly forbidden and will result in the confiscation of the exam regardless of whether or not it has been completed.

Moodle: Post a photograph of yourself (head and shoulders format) Do this by February 3, 2015 so that I may get to know your name and recognize your contribution as quickly as possible.

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 strive to keep the class interesting and use many “real life” examples to illustrate concepts.

Your Role: Your role is to engage in active learning. You will learn and apply important financial concepts while you gain experience. Your success in this class, as in life, will depend on both your effort and performance. At a minimum I expect you to be in class ***every*** day.

Miscellaneous: Students frequently regard this course and finance courses in general as some of the most difficult in the business curriculum. There are several tips that I can offer to not only help you pass this course but to learn something along the way. ***First, come to class---*** there is a very strong relationship between attendance and grades. ***Second,*** read the chapters and prepare answers to the assigned problems ***before*** coming to class. ***Third,*** it is impossible to make sure every individual understands each concept. If you are struggling with a concept, please come see me outside of class. Please, ***do not wait*** to see me until just before, or worse, just after an exam. At this point it is too late to do much if any good. Finally there are no dumb questions, so feel free to ask for clarification. I maintain an open door policy and am willing to meet with you nearly anytime that I do not already have a commitment. As a general rule you should study and practice the assigned problems for at least twice as long as the time you will spend in class.

A Final Thought:

An understanding and familiarity with finance will be beneficial in your career regardless of the type of organization you are a part of or what position you hold. This course will be challenging. For most of you it is your first exposure to the language and concepts of finance. The work you do in this class and the level of understanding you achieve will have direct impact on your success in advanced courses and ultimately your career.

Attention Juniors (60-90 cr): Please be sure to attend one of the **mandatory** bystander intervention trainings. The University has worked hard over the past few years to help ensure that students have the information and tools they need to stop, prevent, and address the effects of sexual harassment, including sexual assault, discrimination, and retaliation. We know that bystander intervention training is an effective prevention tool and will be useful not only at UM, but as you enter your careers. **You must complete this training prior to registering for fall 2016.** Sophomores can complete the training now and not have to repeat it next year. A list of scheduled trainings is posted at: www.umt.edu/safety/training/bystander. .

BFIN 322 Business Finance
Course Schedule - Spring 2016
SECTION 03 TR 12:40 - 2:00 GBB 122

Week	Date	Day	Topic	R/W/J 7th Edition	Assignment	Online Quiz
1	26-Jan-12 28-Jan-12	Tuesday Thursday	Introduction to Course - Outline	Chapter 1	Critical Thinking and Concept Review: 1,2,3,5,6,8,9,10,11, and 12	
2	2-Feb-12 4-Feb-12	Tuesday Thursday	Financial Statements, Taxes and Cash Flows	Chapter 2	Questions and Problems 1,2,6,7,8,9,10,11,12,13,15,17,19, and 20	Chapter 1 completed by 11:59 Thursday February 7th
3	9-Feb-12 11-Feb-12	Tuesday Thursday	Working with Financial Statements	Chapter 3	Questions and Problems 1,2,4,5,7,8,10,11,12,18 thru 25	Chapter 2 completed by 11:59 PM Thursday February 7th
4	16-Feb-12 18-Feb-12	Tuesday Thursday	Introduction to Valuation	Chapter 4	Questions and Problems 1 thru 15	Chapter 3 completed by 11:59 PM Thursday February 14th
5	23-Feb-12 25-Feb-12	Tuesday Thursday	Exam 1 Chapters 1-4 Discounted Cash Flow Valuation	Exam Chapter 5	Chapters 1-4	Chapter 4 completed by midnight Wednesday February 21st
6	1-Mar-16 3-Mar-16	Tuesday Thursday	Discounted Cash Flow Valuation	Chapter 5	Questions and Problems 1 thru 27 odd, along with 10 and 24	
7	8-Mar-16 10-Mar-16	Tuesday Thursday	Discounted Cash Flow Valuation Interest Rates and Bond Valuation	Chapter 5 Chapter 6	Questions and Problems 1,3,4,5,6,10,11,13,14, and 18	Chapter 5 completed by 11:59 PM Thursday, March 13th
8	15-Mar-16 17-Mar-16	Tuesday Thursday	Equity Markets and Bond Valuation	Chapter 7	Questions and Problems 1 thru 12	Chapter 6 completed by 11:59 PM Thursday March 13th
9	22-Mar-16 24-Mar-16	Tuesday Thursday	Exam 2 Chapters 5-7 Net Present Value Valuation and Decisions	Exam Chapter 8	Questions and Problems 3,5,7,9,10,11,12,13,14,17,18, and 19	Chapter 7 completed by 11:59 PM Wednesday, March 22nd
10	29-Mar-16 31-Mar-16	Tuesday Thursday	Making Capital Investment Decisions	Chapter 9	Questions and Problems	Chapter 8 completed by 11:59 PM Thursday March 27th.
11	5-Apr-16 7-Apr-16	Tuesday Thursday	Spring Break. No Class			
12	12-Apr-16 14-Apr-16	Tuesday Thursday	Some Lessons from Capital Market History	Chapter 10	2,3,4,5,8,9,10,11,14,16,17,18,19, and 20 Questions and Problems 4,5,7,9,10,11,15,16, 18 and 21	Chapter 9 completed by 11:59 PM Thursday April 18th
13	19-Apr-16 21-Apr-16	Tuesday Thursday	Exam 3 Chapters 8-10 Risk and Return	Exam Chapter 11	Questions and Problems 1-6,10,13,14,15,16,17,19,20,23,24 and 25	Chapter 10 completed by 11:59 PM Sunday April 19th.
14	26-Apr-16 28-Apr-16	Tuesday Thursday	Cost of Capital	Chapter 12	Questions and Problems 1 thru 25 odd and 12	Chapter 11 completed by 11:59 Thursday, May 1st
15	3-May-16 5-May-16	Tuesday Thursday	Exam 4 Chapter 11-12		If required 4th exam may be moved to the Finals period	Chapter 12 completed by 11:59 PM Wednesday, May 8th