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BFIN 322.03: Business Finance

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*University of Montana BFIN 322-01 and 322-03
Syllabus and Course Outline
Fall Semester 2022*

Professor: Dr. Timothy A. Manuel

Course Title: Business Finance

Class: Sections 01 and 03:

Section 03: CRN 70607, TTh 12:30-1:50, Room GBB L09

Section 01: CRN 70605, TTh 2:00-3:20, Room GBB L09

Office: GBB 329

Office Hours: TTh 3:30-4:30, or by appointment. Times available by appointment: MW 11:00-2:30. **Office hours will normally take place via Zoom.**

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

Required Materials:

- Ross, Stephen A., Randolph W. Westerfield and Bradford D. Jordan, e-book *Essentials of Corporate Finance, 11th edition or latest*, with **Connect Homework Manager System**, Richard D. Irwin Publishing. **Use of the e-book and Connect are included with your tuition fee.** An opt out is available for a few days if you already have the book/Connect access by using the opt out Red Shelf link on Moodle.
- Abbreviated Course notes are available on Moodle. You are expected to have the course notes available during class.
- You must have access to the Internet and to the **Connect Homework Manager** that comes with the text.
- A **Texas Instrument (TI) business 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 TI *business* calculator. The TI calculator is required for this class and may be purchased on Amazon or elsewhere. I may or may not be able to help you find solutions to problems if you have another type of calculator. In any case make sure your calculator has a y^x key and a LN key. Calculators remain an invaluable tool for many finance professionals including bankers. We will also cover using Excel to solve problems, but I have always found that is a more difficult way to learn new material. Once you know how to set up and solve problems, Excel is an invaluable tool that you will be expected to know how to use in virtually any business career.
- Zoom software is required in case we need to use it. See Moodle for a tutorial on obtaining your free UM Zoom software. I will provide the meeting ID # to access Zoom recordings, if any, and attend any Zoom sessions as needed. You must have access to a webcam during any Zoom classes and it **must** be turned on during class *and during tests that are administered over Zoom. Not having your working webcam turned on during a test so that I can see your full face will result in a grade of zero for that test.*
- **University COVID-19 Policies: You must adhere to all University COVID-19 protocols. If you have a COVID-related illness please contact me as soon as possible and adhere to University quarantine procedures. UM Housing is no longer operating separate quarantine/isolation spaces for students in the residence halls. UM Housing will provide guidance for students isolating in place in the residence halls. Students who [test positive for COVID-19 need to isolate](#) for at least five days, which includes not attending in-person classes. During isolation, students should stay home or follow UM Housing guidance for isolation in place, and, if they must leave for food, medicines or other essentials, wear a high-quality mask. After five days students can leave isolation if they are symptom-free. If symptoms persist, isolation should continue until students are symptom-free for 24 hours (without use of medications to alleviate the symptoms).**

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 complete the SmartBook™ (also called LearnSmart™) 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 UM Student Conduct Code is available for review online at <https://www.umt.edu/student-affairs/community-standards/default.php>. The CoB Code of Professional Conduct is available online at <https://www.business.umt.edu/ethics/default.php>.



- T**ranscendent. We commit to rise above self-interest and work for a vision greater than ourselves.
- H**ardworking. We are known for our Montana work ethic. Nothing valuable in life can be achieved without hard work and dedication.
- R**esourceful. We will respond and successfully adapt to a changing environment. We see opportunities in new challenges and are confident we can succeed.
- I**nitiative. 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.
- V**irtuous. 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.
- E**xcel. 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 75% of your grade, plus up to 100 points of web based graded Connect homework worth 15% of your grade and completion of the SmartBook questions for each assigned chapter worth 10% of your grade. Students must have access to the Internet based McGraw-Hill Connect e-book, SmartBook and Homework Manager (access comes with the purchase of a new textbook and is now covered in your tuition). We will cover at least twelve chapters of the text. Homework and SmartBook assignments for each chapter will count as 10 points. Your **two lowest** homework scores and SmartBook scores will be dropped, so you may gain up to 100 points on homework and 100 points on the SmartBook assignments.

Your final course grade will be determined as (75% * Test average) + (15%*Connect Homework score) + (10%*SmartBook score). I will use “+” and “-” scores along with the standard letter grades to report your final grade. The grading scale is presented below and is after any curve(s):

A ≥ 93	77 ≤ C+ < 80
90 ≤ A- < 93	73 ≤ C < 77
87 ≤ B+ < 90	70 ≤ C- < 73
83 ≤ B < 87	60 ≤ D < 70
80 ≤ B- < 83	F < 60

All tests are open book/open note, but you may not assist or receive assistance from other students or others not in the class. Doing so will result in a grade of zero for that test and may result in additional University sanctions. All tests are primarily true/false and multiple choice. All grades are nonnegotiable and are based on your tests, Connect Homework and SmartBook scores as indicated above.

Keeping up with the work and 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, having your camera turned off if applicable, 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”.

I cannot overstate the importance of completing all assignments, including **additional end of chapter question assignments** found on Moodle in a timely fashion and on schedule. If you fall behind the material it is very difficult to catch up. This material also requires daily engagement. This is a skills based course focused on understanding how businesses add value to shareholders. Business and finance professionals are problem solvers first and foremost. Even in the age of technology, employers want business professionals who can reason and solve problems. The corporate finance function is rapidly evolving into a consulting function, assisting marketers, managers, accountants and production engineers in finding value for shareholders. As such, understanding how different aspects of business add value and developing metrics for making business decisions are foundational to this course. However, just like how a solid building is not built in a day, neither are the skills required for these decisions. There is a certain amount of time that must be spent in building the foundation of knowledge and skills. **In this course we take your basic understanding of accounting and economics and learn how to apply that to business valuation.** As you work through the material, particularly in the first part of the course, work on learning the **relationships** among business variables, such as how can cutting costs improve the returns to the shareholders? Working through text readings and homework is not always fun, but treat it as an investment in your knowledge base that you will be able to apply throughout your career, even as new technologies evolve and your job assignments change with them. The basic building blocks of how to add value always remain the same, and having these skills and knowledge will help you progress throughout your career.

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. Feel free to contact me with any concerns you have.

BFIN 322 Sections 01 & 03 Fall 2022 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.

Month	Date	Day	Topic
Aug	30	T	Syllabus, Introduction, Chapter 1 & 2, Introduction, Financial Statements, Taxes & Cash Flow
Sep	1	Th	Ch. 1 & 2 cont.
	6	T	Ch. 1 & 2 cont.
	8	Th	Ch. 1 & 2 cont.
	13	T	Ch. 3 Working with Financial Statements
	15	Th	Ch. 3 cont.
	20	T	Ch. 3 cont.
	22	Th	Ch. 3 cont.
	27	T	Ch. 3 cont. Ch. 16 Short Term Financial Planning
	29	Th	Test 1 over Chapters 1, 2, & 3 (Tentative Date, often sooner than this date)
Oct	4	T	Ch. 16 Short Term Financial Planning cont.
	6	Th	Ch 16 cont., Begin Ch. 15 Raising Capital
	11	T	Ch. 15 Raising Capital
	13	Th	Ch. 15 cont.
	18	T	Ch. 4 Introduction to Time Value of Money (TVM) TI Business Calculator needed
	20	Th	Ch 4 cont.
	25	T	Test 2 over Chapters 16, 15 & 4 (Tentative Date)
	27	Th	Ch. 5 Discounted Cash Flow Valuation
Nov	1	T	Ch 5. cont.
	3	Th	Ch. 5 cont.
	8	T	No Class: Voting day
	10	Th	Ch. 6. Bonds & Interest Rates
	15	T	Ch. 6 cont.
	17	Th	Ch. 7 Stocks
	22	T	Ch. 7 cont.
	24	Th	No Class: Thanksgiving
	29	T	Test 3 over Chapters 5, 6 & 7 (Tentative Date)
Dec	1	Th	Ch. 8 NPV & Other Capital Budgeting Criteria
	6	T	Ch. 8 cont.
	8	Th	Ch. 10 & 11 Risk & Return
			Test 4 over Chapters 8, 10 & 11 during Finals week (see below)

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

<u>Class Section</u>	<u>Exam Date</u>	<u>Exam Time</u>	<u>Exam Location</u>
Section 03 (12:30 class)	Tuesday December 13, 2022	10:10-12:10 am	On Moodle
Section 01 (2:00 class)	Thursday December 15, 2022	3:20-5:20 pm	On Moodle

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, e Book, 11th Ed

Class Name/Section #'s: BFIN 322, Section 03 and 01

Web address for book and Connect assignments Fall 2022 Section 03 and Section 01:

<https://connect.mheducation.com/class/t-manuel-fall2022-bfin-322-manuel>

and click the “register now” button. This is a unique address for this section of this class. Note that that there is no payment required. If you are in Section 01 or Section 03 you MUST register using the above address.

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

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. Do not round intermediate calculations as this will result in errors on certain questions. I can show you how to change the decimal places on your calculator if

Mission Statements and Assurance of Learning

The College of Business at the University of Montana creates transformative, integrated, and student-centric learning experiences, propelling our students to make immediate and sustained impact on business and society. We nurture our students’ innate work ethic to develop confident problem solvers and ethical decision makers. We pursue thought leadership and collectively create opportunities for a better life for our students, faculty, and staff.

COB Core Values:

- Students first: We educate the whole person
- Experiential learning: We create experiences that matter
- Thought leadership: WE create rigorous and relevant knowledge
- Stewardship: We value people, planet and profit

Learning Goals: As part of our assessment process and assurance-of-learning standards, the COB has adopted the following learning goals for our undergraduate students:

Learning Goal 1: COB graduates will possess **integrated business knowledge** for the core disciplines of Accounting, Finance, Management Information Systems, Management and Marketing.

Learning Goal 2: COB graduates will be **effective communicators**.

Learning Goal 3: COB graduates will possess **problem-solving skills**.

Learning Goal 4: COB graduates will have an **ethical awareness**.