

Fall 2016

Course Syllabus: **FINA 3770**

Finance: Concepts

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Blackboard: we post grades here

Course Objective:

As the course title indicates this is a broad introduction to methodologies used in finance along with the different financial markets. The design of the class is directed at the student who does not have a business background or an undergraduate degree. Although students familiar with business will also find the course to be of value. To a certain extent this course will follow two streams of thought: 1) The elements of Financial Management including the theory of value and decision-making and 2) the markets where financial assets are traded and prices are *discovered*.

KEY TO SUCCESS IN THIS COURSE : Close to 100% attendance , Pay attention in class to what I teach ; Take Excellent Notes every day ; Review the material covered same day and identify doubts ; Keep attempting my OLD EXAM questions at the end of the class notes and identify problems . Form A Study Team today and meet regularly . TOTAL CONCENTRATION IN CLASS DURING LECTURE . Review and Practice every day. HARD WORK ALONE will not be enough; Attending all classes alone will not be enough. Understand concepts covered, practice daily and learn how to do well in tests. Being in class also requires you to Concentrate and pay attention and take good notes . All forms of **Electronic Equipment are BANNED IN THIS CLASS** (see my Notes section).

In my Opinion - many of the topics covered in this course are so useful and practical for ANY MAJOR in the University - this course and its content - will be one of the MOST USEFUL COURSES you will take in your degree plan at UNT - so PAY ATTENTION; SPEND TIME and LEARN THIS STUFF! You will be glad you did .

TEXTS

a) **Recommended: FINA 3770 Course Notes**, 3RD Edition: available at the UNT Text Book store , and Voertmans. Please bring this item to class every day. Also available thru Stipes Publishing company itself directly:

Their Web site is www.stipes.com

The price at Stipes will be lower than at UNT bookstore; Call the Publisher and ask for Order Department to find out exact cost.

Call Stipes at: 217-356-8391. Fax: 217-356-5753;

Address: 202-204 W. University Avenue, Champaign, ILLINOIS 61820

NOTE: ordering from Stipes publishing above – may take a bit of time to actually get it in your hands . UNT bookstore etc are more convenient to get the material quickly and get started.

Note: If one of the local book stores is out of stock and places an order on your behalf . it may take 2 WEEKS or MORE to get it. So be careful about placing orders and waiting for the material to arrive. Chek at UNT bookstore on campus first.

b) TEXT BOOK: **Recommended:** Helpful to have around: **Sold in UNT and other book stores:** CFIN 5: Corporate Finance by Besley and Brigham: FIFTH Edition 2017 Copy right: To Buy Online: the web site for buying online: <http://www.cengagebrain.com/shop/search/9781133626404>; This will closely follow my lectures in class. End of chapter assignments for you to work (not to be turned in to me) is set up on the web site of the textbook.

My Class notes are just power points. They are not detailed textbook type material;

I use my class notes as power points in the class to lecture and discuss with you. The CFIN5 book is like a textbook – like a Reference tool. If u are unable to attend class or attend my classes, and are unable to understand the concepts or problems – then the CFIN5 book may help you understand the topic better.

c) **Wall Street Journal Subscription (Optional):** I will pass out subscription forms in class and they are an excellent way to keep up with all aspects of Business and not just Finance. I would highly recommend this to any student and they are available through the education subscription program of Wall street journal at significant savings..

d) TI BAII Plus Calculator (Strongly Recommended: about \$30 in discount stores). I will use this calculator to teach several chapters in terms of keystrokes needed to master several concepts. **BRING THE CALCULATOR TO CLASS EVERY DAY .**

NOTE ON CALCULATOR: you can use a FIVE-Function calculator (basic, \$10 calculator or TI BA II PLUS calculator). I do not know how to use any other model calculator other than TI BA II Plus ; If you decide to go with a different model ,you are on your own.

DO REMEMBER TO SET YOUR CALCULATOR TO 8 or MORE decimal points now. Learn how to do this by looking at the manual for the calculator.

e) **TO DROP MY CLASS :** Just go to the FIREL department office in the second floor of BLB (Room 212). See any of the staff members in the office ; take the Drop form with you or they will have the form – fill in the top part and they will sign the form with a grade of W. They are open from 8 am to 5PM Monday to Friday ; Then you need to take the form and follow the necessary procedures to actually drop the course . Watch for deadlines to drop.You need not see me to drop the course.

CFIN 5 Book Resources online

At the site below you will have access to Study tools provided by the publisher and authors of the above book by Besley and Brigham. This site will also provide access to solutions to end of chapter problems and questions of the CFIN book listed in the syllabus.

<https://login.cengage.com/cb/>

U then enter E mail ID: chandy@unt.edu;

Password: Ramjan7185

Then you pick from the Products in your Instructor Resource Center screen - Besley/Brigham CFIN 5 book; then go and then you will see a screen with access to Instructor Companion site: this features a lot of resources including power point slides and also Answers to end of chapter questions and problems (The end of chapter questions and problems can only be seen if you buy the book, use the CODE that comes with the book to register online and then from that access the end of chapter questions and problems.);

NOTE: CLASS POLICIES: WILL BE ENFORCED BY ME: READ THIS SECTION CAREFULLY STUDENT BEHAVIOR IN CLASSROOM.

Your behavior interferes with my ability to conduct the class and it also interferes with the ability of other students to learn; Unacceptable and disruptive behavior will not be tolerated at UNT.

STUDENTS ENGAGING IN SUCH BEHAVIOR WILL BE ASKED TO LEAVE THE CLASS ROOM AND YOU WILL BE REFERRED TO THE CENTER FOR STUDENT RIGHTS AND RESPONSIBILITIES. CODE OF STUDENT CONDUCT MAY BE FOUND AT: www.unt.edu/csrr

Note 1: “ Because of previous abuses, **STUDENTS MUST ATTEND, DO THE WORK, TAKE THE EXAMS, AND RECEIVE THE GRADE IN THE SECTION UNDER THE PROFESSOR WITH WHOM THEY HAVE REGISTERED FOR THE CLASS. NO ACCOMMODATION** will be made for those attending the **WRONG SECTION.**” This means that a) I will not **ADD** you in to my class; b) allow you to register for one section and take the tests etc. in another section; c) I will not allow you to take this course under me while you had registered under another professor. This is a **DEPARTMENT POLICY.**

Note 2:**FINAL EXAM:** If you have 3 or more final exams scheduled on one day - you can appeal to the academic deans office to reschedule one of the examinations to another day during the final exam period. Note that ours is a departmental exam and I recommend that you try the other Professors under whom you have a final, where the exam is **NOT** a departmental final. You **MUST REQUEST** me for any rescheduling of final exam no later than two weeks prior to the Final exam date for the term . Requests Made **AFTER** this deadline will **NOT** be considered by me (I will check to make sure you have 3 or more final exams on the same day as our final first). Ours is a departmental final and so I recommend that you first talk to the other faculty under whom you are taking classes and who are **NOT** giving departmental finals to see if they can reschedule their final exams for you.

All sections of Fina 3770; I make up my own final and so you are responsible for ALL material covered by me since beginning of the semester for my Final. Final cannot be dropped under any circumstances. You are not responsible for material covered by another instructor of this course.

Note 3: Behavior in class by you: Those of you who come to class and chit chat, giggle around, and act like children, will find that at the end of the class, you will end up with a

lower grade like a C, even if your weighted average is 79.999. So - **LEARN TO ACT AND BEHAVE LIKE AN ADULT** or else **PAY THE PRICE!**

My Teaching assistant will make a note of such behavior and I will have your name in my Grade book; at the end of the semester - you will pay for the consequences of such behavior;

Note 4: I will post your grades on all mid terms and final exam on Blackboard. .

Note 5: No Laptops allowed in class, No IPADS; No Ipods; No Cellphones etc. Turn Off All CELLPHONES, BEEPERS, and other electronic devices; ; NO TEXTING ALSO ALLOWED ;I know that some of you do text while the lecture is on under the table etc. - DO NOT do it; I CAN SEE WHAT YOU ARE DOING UNDER THE TABLE! ..In my Class – these are my policies. Just follow them and you will be fine. If you cannot tolerate this policy, drop my section and move to another section (I will help you with add drop to move to another section). If you have a legitimate emergency requiring you to keep the cellphone ON during class – let me know ahead of time and I will give you permission to do so.

You cannot have any electronic device up near you, other than a calculator for the entire duration of the course. ON EXAM DAYS - please remove your hat. You can NOT use the cell phone as a calculator .

Note 6: do NOT e mail me using Black board ; only E-MAIL I will read is those sent to: Chandy@unt.edu

Note 7: Exams that you do not collect from me on time as they are returned back to you: HERE IS THE DEAL: during DEADWEEK - the week before final exam – come to my office and collect your old uncollected exam from me.I normally return the exam the class period following the date of exam and bring the same exams during the subsequent class period also for students to pick up.

Note 8: You cannot record my lectures without written permission from me

Note 9: The class we meet before the test date: THIS IS MEANT FOR REVIEW and any final discussions; IT IS YOUR RESPONSIBILITY to come prepared for this review class with doubts and questions from all the topics that have been covered. If you have no questions to ask or no doubts to clear - I will assume that you have no doubts and I will proceed to the next topic. So come PREPARED with questions for review; REVIEW means – DO YOU HAVE DOUBTS? I do not have doubts at all – and I am not taking the exams; You are the one with doubts – so come with your doubts and discuss in the review period;

Note 10 : FORM A STUDY TEAM TODAY ! one of the best ways to learn is learn from each other; Form a group of people who you can meet say once a week at least and then go over each chapter with them , clear doubts, do problems ; try your hand on old test questions etc etc. Do this all thru the semester. Finance is a tough subject ; you can not memorize it the night before the exam and expect to pass the course. Use the FREE FINANCE LAB – BLB 132 is their location. The TA's there can help you during the hours the lab is open .

Note 11: I have some very useful stuff in Blackboard dealing with money , finance issues , retirement planning and MBA program study and so on.I strongly recommend that you

download these handouts to a USB drive and save them for future reading .

Grades are the important thing for most students

BEST STRATEGY: DO VERY WELL IN TWO OUT OF THREE MID TERM TESTS AND GIVE YOURSELF SOME SLACK FOR THE FINAL. IDEALLY YOU SHOULD DO WELL ON THE FINAL ALONG WITH TWO OUT OF THREE TESTS TO DO WELL IN THE COURSE.

FREE FINANCE LAB: First Floor of BLB Room 132: LAB OPEN M-F PLUS PART OF SATURDAY TO HELP YOU WITH THIS COURSE. IT IS FREE! FREE! FREE! FINANCE LAB IS NOT OPEN DURING FINALS WEEK.

OTHER GOOD WEB SOURCES TO LEARN FINANCE:

1) Fundamentals Of Financial Management By John Wachovitz (another competing author has many useful resources including chapter outlines and test questions for you to learn from):

http://web.utk.edu/~jwachowi/wacho_world.html

In general – Go to any library including UNT and then borrow any standard basic financial management text book and look for chapters in the book with similar titles to what we are going over and read them before and after attending my lecture. You can not go wrong with that strategy . Go to the Free Finance Lab in BLB for help also.

2) How to use the TI BA II Plus calculator : <http://www.tvmcalcs.com>

3) http://highered.mcgraw-hill.com/sites/0072439749/student_view0/chapter1/ Choose chapter you want - on the left side are chapter numbers; then click Multiple choice Quiz on the left side; Answer the question and hit submit and get immediate feedback on how you did. This material is from a competing textbook in Finance:

Fundamentals of Corporate Finance, 6/e by Stephen A. Ross, Massachusetts Institute of Technology; this is not the adopted textbook for our course. But just look at the topic content of each chapter and compare it to our topic content; then go over these questions also. The whole point is this: Time value of money is time value of money in any book. So by going over another book in the same field and answering questions online and getting feedback - you are improving your understanding of the subject matter.

4) Sharon Garrison (formerly of UNT and now at University of Arizona) has a nice web site with useful material for this course :

<http://www.studyfinance.com>

5) Sources like Youtube; Khan Academy also offer some free lectures on various finance topics and u are welcome to go thru them for better understanding of Finance

Pre-requisites: ACCT 2010 and ACCT 2020, or equivalent with grade of “C” or better + completion of pre-business requirements. This applies to all students and not just COBA students; any one taking this course without the pre reqs will be dropped. ; **Students not meeting requirements are to get a “drop/add” slip from the departmental office. If you**

do not meet the prerequisite, you will be administratively dropped/withdrawn. You may not get a refund of tuition fees.

General Course Policy:

This section explains a number of important regulations that are expected to be followed in this course. *The instructor reserves the right to change these and other regulations, if necessary.* All such changes will be communicated at the appropriate times.

You are encouraged to bring to my attention any problems or questions you may have with any aspect of the administration of the course. For certain types of problems or discussions, it may be appropriate to meet with me individually during my office hours (or by appointment). It is my intention to create a stimulating learning environment, be fair, and to maintain the discipline that is necessary for attaining these goals.

Attendance Policy:

You will need to pick out a seat and stay there for the entire semester. We will have a seating chart and post it; we use it to take attendance:

Frequently, the class lectures will consist of material not covered in the text. Many lectures and discussions will be difficult to follow solely from the students' notes. *You are therefore strongly urged to attend regularly and punctually.* If a student is absent, it will be his/her responsibility to learn of any announcements I may have made in class. Persistent absence or tardiness reflects poorly on your motivation, self-discipline, and time-management skills -- factors considered very important by employers who hire our graduates.

I do not tolerate chronic tardiness (being late). It is also not acceptable for you to leave class early on a regular basis. Everyone has a reason once in a while for being late or to leave early. But, a pattern of such behavior is not acceptable.

Handouts: If you miss a class and handouts were given during that lecture, it is your responsibility to obtain such handouts from other students in the class. I do not have extra handouts to give out once a week passes past the date of handout.

EXAM DAY: If the class has a capacity of 300 and I only have 120 students – then On exam day - I will have exams distributed only for the FIRST 6 rows of the class room (20 exams per row times 6 = 120). So on exam day - you will have to come and take a seat in any of the first six rows. When you turn in the exam - put the CORRECT seat number as per where you normally sit. We will have seating charts posted in several places for you to identify your seat number. We sort exams only by seat number when we turn them in. NO HATS/ NO Cell Phones/No IPODS or such devices allowed on such days. NO LAPTOPS ever to be used in class. No IPADS allowed in class (I am repeating all this from above); YOU CAN NOT USE YOUR CELL PHONE as a CALCULATOR IN MY CLASS !.

Incomplete:

Do not ask me to assign a grade of Incomplete. You are expected to complete the material in the allotted semester. All students have the same constraints applied to them, so don't ask me for a special deal.

Calculators:

By this stage of your college career, you should have a programmed financial-business calculator. Whatever you get, avoid any brand of scientific calculator. All problems-homework, tests, and exams -- will be workable with a calculator having exponent and reciprocal keys. A model TI BA II plus may be worth considering. I will use this calculator extensively in class. If you are going to get a calculator, DO IT NOW. This calculator costs about \$30 in places like Target, Wal-Mart, K-Mart. Keep the calculator safely as it is easy to lose or misplace. Get the calculator NOW, as you are likely to need time to get to know how to use it. The only other calculator you can use is a five function cheap calculator – but this will not do any of the finance calculations; All other models of calculators – if you use any other model - you will need to figure out how to use that calculator. I do not know the keystrokes of other calculators . LOOK NOW TO BUY IT CHEAP online or borrow from some one who used it last term; On EBAY TI BA II Plus is going for between \$10 and \$25; Used in very good shape is at about \$20 in AMAZON.COM : Once u get it - Set it to 9 decimals immediately ;

OTHER UNT POLICIES

Academic Integrity Standards and Sanctions for Violation. According to UNT Policy 18.1.16, Student Academic Integrity, academic dishonesty occurs when students engage in behaviors including, but not limited to cheating, fabrication, facilitating academic dishonesty, forgery, plagiarism, and sabotage. A finding of academic dishonesty may result in a range of academic penalties or sanctions ranging from admonition to expulsion from the University. [Insert specific sanction or academic penalty for specific academic integrity violation].

ADA Statement. UNT makes reasonable academic accommodation for students with disabilities. Students seeking accommodation must first register with the Office of Disability Accommodation (ODA) to verify their eligibility. If a disability is verified, the ODA will provide a student with an accommodation letter to be delivered to faculty to begin a private discussion regarding one's specific course needs. Students may request accommodations at any time, however, ODA notices of accommodation should be provided as early as possible in the semester to avoid any delay in implementation. Note that students must obtain a new letter of accommodation for every semester and must meet with each faculty member prior to implementation in each class. For additional information see the ODA website at disability.unt.edu

Emergency Notification & Procedures. UNT uses a system called Eagle Alert to quickly notify students with critical information in the event of an emergency (i.e., severe weather, campus closing, and health and public safety emergencies like chemical spills, fires, or violence). In the event of a university closure, please refer to Blackboard for contingency plans for covering course materials.

Acceptable Student Behavior. Student behavior that interferes with an instructor's ability to conduct a class or other students' opportunity to learn is unacceptable and disruptive and will not be tolerated in any instructional forum at UNT. Students engaging in unacceptable behavior will be directed to leave the classroom and the instructor may refer the student to the Dean of Students to consider whether the student's conduct violated the Code of Student Conduct. The University's expectations for student conduct apply to all instructional forums, including University and electronic classroom, labs, discussion groups, field trips, etc. The Code of Student Conduct can be found at deanofstudents.unt.edu/conduct.

Student Perceptions of Teaching. Student feedback is important and an essential part of participation in this course. The student evaluation of instruction is a requirement for all organized classes at UNT. The survey will be made available during weeks 13 and 14 of the long semesters to provide students with an opportunity to evaluate how this course is taught. Students will receive an email from "UNT SPOT Course Evaluations via IASystem Notification" (no-reply@iasystem.org) with the survey link. Students should look for the email in their UNT email inbox. Simply click on the link and complete the survey. Once students complete the survey they will receive a confirmation email that the survey has been submitted. For additional information, please visit the spot website at www.spot.unt.edu or email spot@unt.edu.

Examinations and Grading Policies:

Tests:

There will be **3 Tests and a required comprehensive Final exam.** All Test are True False or multiple choice questions. Please bring a calculator and a #2 pencil. I will provide the Scantron. **One 8 ½ X 11" reference sheet for each test and ONE SHEET for the Final can be brought by you for use during the tests and the final. NOTE : FOR THE FINAL EXAM ALSO YOU CAN ONLY BRING IN ONE SHEET AS YOUR REFERENCE SHEET.**

I MAKE TWO VERSIONS OF EACH TEST PLUS FINAL. PERSON SITTING NEXT TO YOU MUST HAVE A DIFFERENT COLORED TEST THAN YOURS. I COPY EACH SCANTRON (WE SUPPLY IT) BEFORE I RETURN THE TEST AND SCANTRON BACK TO YOU (TO PREVENT ANY CHEATING LATER ON BY ANY ONE TRYING TO CHEAT). I GRADE ONLY WHAT YOU PUT ON THE SCANTRON.

Reference Sheets or Cheat Sheets

These can be handwritten or computer generated hard copies. **You can not staple, or attach pieces of paper together to create this reference sheet.** You can use any size font on your PC to create this sheet.

Size: One standard page for each test and for the final exam is the most you can use.

DO NOT COPY ANOTHER PERSON'S CHEAT SHEET. Create your own. Start now, identify each area that you think you are weak in, and keep a folder in which you write these down to make up your reference sheet.

Grading:

As described earlier , you have three mid term exams. I take the Best 2 out of 3 tests: Each mid term is worth 35% of your course grade. Comprehensive Final Exam is worth 30% of your course grade. (See schedule of classes for final exam time.) If you miss any one test, that is your lowest grade. If you take all three mid term tests, we will drop the lowest grade you made. If you miss two out of the three tests, then, you get a ZERO for one missed test, the other missed test gets dropped. This means that you took one test and a final. You have LOST ABOUT 35% of course grade and it can not be made up. If you made a 100 in the Final and in the one test you took (most unlikely event), you would still end up with a D in the course. The one test you took is worth a total of 35% of your course grade. Final can not be dropped. No make up examinations are given unless you represent UNT in an official capacity - example: an athlete representing UNT at various games. Under those circumstances, if you let me know ahead of time about a conflict, I will give you a make up exam. I do not give Incomplete to any one.

Grade	% to be earned to make the grade
A	Greater than or equal to 90
B	80 to 89.99
C	70-79.99
D	60-69.99
F	Less than 60

IMPORTANT DATES FOR TESTS:

TEST #1: Sep 27; TEST #2 : Oct. 18; TEST #3: November 15 ;

FINAL: REQUIRED COMPREHENSIVE DEPARTMENTAL : Dec 15 : 4-6PM

FINAL EXAM may NOT BE IN THE SAME ROOM WHERE THE CLASSES ARE BEING HELD. COME TO CLASS TO FIND OUT WHERE IT WILL BE HELD;

Your grades are strictly based on two out of three mid term exams and the required comprehensive final exam . I do not have extra credit project or other assignments to give you for added credit . You have to find a way to do well on the exams .

Materials for examinations will include assigned chapters from the text, class lectures and discussions (often involving material from outside the text), and handouts distributed in class. **Under NO circumstances will a test be administered to one (or a few students) separately, on a day different from the date scheduled for the entire class.**

In general, exams will not be reviewed in class. (Occasionally, I may make an exception to this policy, depending upon my assessment of class needs.) You may meet with me during office hours (or by appointment), if you wish to discuss your test. So - if you want me to go over a test question during class (because you are not able to understand the question or the answers given to you), just raise your hand and I will explain the answer to you.

In the preparation of exams, all possible care will be taken to avoid typographical and other errors. The instructor will have the sole discretion in excluding test questions that may contain inadvertent errors. Also, the instructor may choose to compensate for test questions which a vast majority of the students (at least 80% of the class) answer incorrectly. Again, this matter

is dependent solely on the discretion of the instructor. If you disagree on type of scoring in the context of a test, please come by and see me during my office hours (or meet with me by appointment) and bring along a **written complaint**. In the written note, you may explain your position, and the basis of your contention, No requests for reviews or complaints will be entertained after **two** class meetings from the day a test score is announced. If you withdraw from the class, it is your responsibility to remove your name from the class rolls. If you withdraw and your name is **NOT** removed from the class rolls, you may receive a failing grade for this course at the end of the semester.

Finding Out Your Final Grade:

Final grades are not available during the final examination period. Do not call me or come by my office to ask about your grade during this time. You will be able to see your grade on Black board or thru the registrar's office, which makes it available to you thru the web services. We will post what you made on the final exam only as soon as we finish grading - on Blackboard. You should be able to figure your course grade once you have this information.

COURSE OBJECTIVES FOR FINA 3770:

1. *Introduction to Financial Management*

Objectives: Understand the following topics: What is financial management; What is the appropriate goal of the Firm; Forms of businesses, and the Corporate Tax Structure; The Major foundations of Finance such as: Money has Time value, Efficient Capital Markets; Agency Problem; Diversification; Cash Flow and Taxes and their implications for financial managers. Basic Concepts of balance sheet and income statement; **Accounting review** (basic Accounting principles as it applies to Finance).

2. *Financial Markets and Interests Rates*

Objectives: Understand the following topics: Types of Financing used by firm; Why do financial markets exist; What are the key components of financial market system; role of investment bankers; inflation and interest rates and their relationship; theories of interest rates. How firms raise money in the markets; How do NYSE and other stock exchanges work.

3. *Mathematics of Finance (TIME VALUE OF MONEY) VERY IMPORTANT*

Objectives: Understand the following concepts: Present and Future value, annuity, lump sum, effective interest rates, APR, annuity due, amortizing loans, Perpetuity.

4. *Risk and Rates of Return*

Objectives: Understand the following concepts: Risk of an individual asset and that of a portfolio. How is risk-return tradeoff affected by diversification principles. **Market risk, diversifiable risk.** Relation between risk and return; beta and its implications for investors.

5. *Bond Valuation*

Objectives: Understand the following concepts: Different kinds of bonds in the market. How to read and understand market quotations from Wall Street Journal. Basic process used to value bonds, find their yield to maturity, yield to call. What are some of the important relationships that exist in bond valuation and its implication for investors.

6. *Stock Valuation*

Objectives: Understand the following concepts: Basic characteristics of stocks; Value preferred and common stock. Calculate expected and required rate of return for stocks. Assumptions behind models and their limitations. How to read and interpret stock market quotations.

7. *Cash Flow Estimations and Capital Budgeting Techniques*

Objectives: Understand the following concepts: WHY is it so hard for firms to find profitable

investment opportunities. Role of taxes, depreciation in determining initial outlay, operating cash flows and terminal cash flow needed in evaluating long term capital investments. The process of evaluating capital budgeting projects such as Net Present Value, Internal Rate of Return, Profitability Index, Pay Back Period, conflict between NPV and IRR and how to resolve these conflicts. How do you tie the capital budgeting decision to the overall goal of shareholder wealth maximization.

8. ***Cost of Capital***

Objectives: Understand the following concepts: What is the cost of capital and how does it play a role in various decisions made by financial managers. What factors determine the cost of capital and how to compute cost of debt, preferred and common stock capital and put them together to develop the overall cost of capital for the firm. What assumptions are made in such computations. Role of tax laws in computing cost of capital.

NOTE:IN THE CHAPTER OUTLINE GIVEN BELOW: THE QUESTIONS AND PROBLEMS ARE FROM THE TEXT BOOK : CFIN :Book by Besley and Brigham : I DO NOT COLLECT THEM FROM YOU ONCE YOU DO THEM.;THESE ASSIGNMENTS ARE THERE JUST SO YOU CAN TEST YOURSELF.

In the next page - the Symbols you see mean the following:

C: CLASS NOTES by Dr Chandy

T: Text book (paper back book from Publisher) By Besley and Brigham : All assignments are from this source.

See Attached Table below to see how the Class Notes and the Text Book match up in terms of Chapter numbers and so on.

(C): denotes Class Notes: all Topics listed are as per Class Notes by Dr Chandy

Week	Dates	Chapters CLASS NOTES
1	8/30-9/1	Introduction to Financial Management; Accounting basics Depreciation issues; cash flow and tax structure: Topic 1(C) : Bring your Class notes with you every day to class (available at UNT bookstore) See Handout page 2 :for Formula for Acctg. Ratios : REVIEW them
2	9/6- 9/8	Financial Markets and Interest Rates: Topic 2 (C). Continue with Cash flow etc. (Topic 1) See Handout pages 3- 4: for short cut formula for several chapters in the course : Start doing my OLD EXAM questions at the end of my Class notes regularly from now onwards. FORM a STUDY team; Use the Finance Lab
3	9/13- 9/15	Financial Markets:See Page 5 handout for more info. <u>NOTE:</u> THERE ARE TWO SETS OF EXAMS at the end of my class notes for End of your tests: go over them carefully.
4	9/20- 9/22	<u>9/22 is REVIEW date;</u> 9/20 Continue with Financial markets and interest rates ; Come prepared with doubts for Review date
5	9/27- 9/29	TEST ONE : 9/27 9/29: Time value of money topic (Topic 3) ; BRING TI-BAIIPLUS TO CLASS (Calculator)
6	10/4- 10/6	Time value continued; See Handout pp:6-8 for additional problems and solutions
7	10/11- 10/13	Time value continued <u>10/13 REVIEW Date</u> : COME prepared with your doubts See Handout pp. 9-12 for additional problems and solutions
8	10/18 – 10/20	10/18: Exam date ; 10/20: Continue with Bond valuation chapter #4
9	10/25-10/27	Bond valuation continued

10	11/1-10/3	Stock valuation Topic #5; If we are done with Stock chapter , we may go on to Risk and Return Topic #6
11	11/8-11/10	<u>Continue with Stocks Valuation or Risk and Return chapter</u> <u>11/10: REVIEW Date : Come with doubts ;</u>
12	11/15- 11/17	11/15: TEST THREE Risk and Return chapter (Topic 6)
13	11/22- 11/24	Risk and return topic and then on to Capital Budgeting; topic #7.;
14	11/29-12/1	Capital budgeting;after finishing Capital Budgeting , move On to Cost of capital :Topic # 8 (last chapter) : See my handout for worked out solutions to Old final exams in your classnotes
15	12/6-12/8	12/6: Cost of capital continued 12/8: last class : REVIEW for FINAL;
Final	12/15	Comprehensive Final : Dec 15 Thurs: 4-6PM; Location to be announced later; THIS is REQUIRED FINAL for ALL STUDENTS .

NOTE: Assignments are for you to work. If you have difficulty with them **use the Free Lab in BLB 132 (Finance Tutor Labs).** I will work selected questions from my old tests. **I will NOT be COLLECTING these assignments for you.** ASSIGNMENTS COME FROM THE END OF CHAPTER OF THE CFIN TEXT BOOK by Besley and Brigham.

You ALREADY HAVE copies of my OLD TESTS with solutions THEY ARE AT THE END OF THE CLASS NOTES PACKAGE YOU BOUGHT. Make sure you work them and fully understand them. I tend to repeat old test questions often in my tests every semester. However, **DO NOT MEMORIZE answers.** Don't expect to make a C or better in the course just by doing old tests. **GO OVER MY HAND OUTS CAREFULLY AND UNDERSTAND ALL THE MATERIAL COVERED IN CLASS.**

GOOD LUCK THIS TERM : I look forward to seeing you this semester !