Southern Illinois University Carbondale
College of Business
Finance Department
Syllabus - FIN 361 – Management of Business Finance – Fall 2015

Instructor Information
Name: Claire Liang
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Phone: 453-1425
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Class Time and Location

<table>
<thead>
<tr>
<th>Section</th>
<th>Time</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>FIN 361-1 / BA 430</td>
<td>MW 12:35 – 01:50 pm</td>
<td>Rehn 326</td>
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<tr>
<td>FIN 361-2</td>
<td>MW 02:00 – 03:15 pm</td>
<td>Rehn 326</td>
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Office Hours
MW 03:30-04:30 pm
(Please send me an email by 11am or notify me after class if you plan to come to office hours)
Other times available by appointment; Additional office hours before exams

Course Objectives
As the second undergraduate course in corporate finance, the purpose of FIN 361 is to provide business students with a greater depth of understanding of topics that are important to the financial management of the modern business corporation.

My primary goal is to help you develop a framework and acquire necessary knowledge from which you can think about and analyze corporate financial decisions (i.e. to think like a CFO). Although theory will also be studied, we will tend to focus on the more practical applications of the topics covered in this course.

Prerequisites
FIN 330 (Introduction to Finance) with a grade of C or better, junior standing, and business major or minor.

Course Materials
Textbook:

This book has a web site with additional resources that you may find useful (see below).
http://highered.mheducation.com/sites/0078034779/student_view0/index.html

Slides, which outline each lecture, will be made available online before each class. I may also distribute some articles online throughout the semester.
Financial Calculator
You will need a financial calculator for the course and for the exams. You should already have one from FIN 330. Consult the user's manual and familiarize yourself with the operations that are needed for this course. Every financial calculator is different, so I may not be familiar with your calculator. The best way to learn how to operate your financial calculator is from reading the user's manual. Two of the popular models are Texas Instruments BAII Plus and HP 10-BII if you are considering to buy one. However, I will only cover commands for TI BAII Plus in class.

Attendance
Attendance is not mandatory, but is strongly encouraged. Based on my experience, a student’s performance in this course is usually positively correlated with his/her class attendance. If you miss a class, then you are responsible for getting whatever information you need from a classmate (not from me). This applies to questions about upcoming exams.

Grading Scheme: Basic Components: 100%

<table>
<thead>
<tr>
<th>What</th>
<th>When</th>
<th>Weight</th>
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<tbody>
<tr>
<td>Quizzes</td>
<td>One week after completing a chapter</td>
<td>15%</td>
</tr>
<tr>
<td>Term Project</td>
<td>See syllabus</td>
<td>15%</td>
</tr>
<tr>
<td>Midterm Exam 1</td>
<td>Sept 30 (W)</td>
<td>20%</td>
</tr>
<tr>
<td>Midterm Exam 2</td>
<td>Nov 16 (M)</td>
<td>20%</td>
</tr>
<tr>
<td>Final Exam</td>
<td>University schedule</td>
<td>30%</td>
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Grading Scheme: Extra Credits: 10%

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<tr>
<th>What</th>
<th>Weight</th>
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<tbody>
<tr>
<td>Attendance</td>
<td>5%</td>
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<tr>
<td>Class Participation</td>
<td>5%</td>
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</table>

The following grades will be assigned for the respective average equivalents:
A: (90% <= Grade), B: (80% <= Grade < 90%), C: (70% <= Grade < 80%),
D: (60% <= Grade < 70%), F: (Grade < 60%).

Note: If your grade is slightly below the passing mark, I will look at your performances on the term project and final exam. A passing grade may be given if I determine that you have demonstrated adequate understanding of the course materials.

Assignments: Practice questions will be assigned for each chapter to help you internalize the content covered in the chapter. Quiz and exam questions will be drawn primarily from the lectures and assignments. You do not have to turn in the assignments.

Class Participation: I encourage good discussions and lively debates in class that help enhance everyone's learning experience. Class participation points come from good questions you asked or good comments you made in class related to the course materials.
Quizzes: Typically one week after we complete a chapter, a short quiz will be conducted in the beginning of the class. Please familiarize yourself with the lecture content and problems in the assignments. There will be approximately 5-8 quizzes throughout the term. The maximum number of quizzes you may miss for a legitimate reason (e.g. severe illness) is 2. When the cumulative number of missed quizzes is not greater than two, the weight of the missed quiz will be shifted to other quizzes if you miss a quiz for a legitimate reason. When the cumulative number of missed quizzes is greater than two or if you don’t have a legitimate reason for the absence, you will receive a score of zero.

Term Project

Purpose: The term project encourages you to apply the knowledge you’ve learned in this and other finance courses toward real world problems. You and your teammate choose a research question that is related to the topics covered in this course (in a broad sense) and then conduct an in-depth study or analysis on the question. A well-done analysis not only boosts your grade in this course, it can also help you stand out in job interviews.

Important dates and deliverables:
- 10/28 (W): project proposal due and in-class project proposal presentations
- 11/18 (W), 11/23 (M): work on project in class
- 11/30 (M), 12/2 (W): in-class project presentations
- 12/6 (Sun): Final project report due

Project proposal: Each team should prepare a 5 min PowerPoint (ppt) presentation to discuss the proposal in front of the class. The proposal should cover (i) names of team members and briefly outline (ii) the research question, (iii) motivation for the study, (iv) plans to conduct the analysis, (v) financial knowledge to be used in the analysis, (vi) implications or applications of the study. Each team should have no more than 2 members. You are encouraged to discuss your proposal with me in advance. Send me the ppt slides via email by 11am on 10/28.

Project presentation: Each team should prepare a 10-15 min ppt presentation to share with the class the results of the analysis. In addition to results, the points discussed above regarding the proposal should also be included in the presentation. Send me the ppt slides via email by 11am on 11/30.

Final project report: You are likely to receive comments during your project presentation that help improve your analysis. You may also learn ways to improve your analysis by watching other teams present. You can revise your analysis and send me the revised/final report (in ppt format) via email by midnight on 12/6. You should briefly outline the revisions (compared to the previous version) and the reasons for the revisions on the first page of the revised/final report.

Sample research questions:
- Is Facebook’s stock over-, under- or fairly valued?
- Prepare a business plan for a new venture.
- What are the NPVs for going to various graduate programs?
- Is Apple’s cash holding too large? What should be the optimal level of cash holding for the company?
• In the last couple of years, some companies take advantage of the low interest rates and use borrowed money to buy back shares. Critically evaluate the pros and cons of this practice from the perspectives of (i) shareholders of these companies and (ii) the economy.
• What is crowdfunding? How does it benefit entrepreneurs and investors? What are the risks?
• What is Bitcoin? Is it likely to gain popularity in the future? What are the possible reasons that people or businesses would (and would not) want to use Bitcoins in transactions?

Note: Most topics in finance are related to this course in a broad sense except for pricing of derivatives or fixed income securities. If you are not sure whether the research question you have is relevant to this course or not, please run it by me first.

Midterm and Final Exams

Exam Attendance: If you miss only one midterm exam for a legitimate reason (e.g. severe illness), the weight of the missed midterm will be shifted to your final exam. If you don’t have a legitimate reason, you will receive a score of zero. You cannot miss more than one midterm exam. The second missed midterm will receive a score of zero even with a legitimate reason. There are no alternative exam dates, so if your schedule prevents you from sitting for an exam, don’t take the class. A student who finishes an exam early will be asked to remain in the room until the end of the allocated test time. You are not allowed to take the exam if you are late for more than 10 minutes.

Materials Tested: The midterms are non-cumulative. However, the final exam is cumulative. Like quizzes, exam questions are drawn primarily from the lectures and assignments. Materials in the textbook that are not covered in the lectures or assignments will not be on the exams.

Formula Sheet and Other Materials: You may bring a calculator to the exams. You need to have your SIU student ID out in plain sight while taking the exams. No mobile or electronic communication devices of any kind may be accessed during examinations. A formula sheet will be provided to you during the exams. In addition, you are allowed to bring your own formula sheet that complies with certain requirements (details to be announced before the exams).

Academic Integrity

Academic dishonesty will be dealt with severely. Any suspected cases of academic dishonesty will be referred to the Dean for the appropriate disciplinary action. The stiffest penalty under University policy will be recommended.

Other Information

1. The best way to learn is solving problems on your own. I will assign practice questions throughout the course to help you understand the materials covered. The term project is also designed for the same purpose.

2. I will not discuss forthcoming exams during office hours or outside the class. All students will have the same information concerning exams, so ask questions concerning any forthcoming exam during class.
3. Incomplete grades will not be given except under appropriate circumstances. Requests for an incomplete must come shortly after such time that the student established conditions whereby he/she will be unable to finish the course.

Classroom Conduct
You are not required to attend the lectures. If you choose to come to class, please show respect to me and your fellow classmates, show up on time, silence your mobile phone and refrain from distracting/disturbing behaviors in class, such as talking, texting, typing, surfing the Internet, or entering/leaving the room during the lecture. Students who intend to leave the class early or show up late for a legitimate reason (e.g. to attend a job interview) should communicate with me before the start of the lecture to obtain my permission. Students who are late for more than 10 minutes without my prior approval will not be allowed to attend the lecture.

The majority of the students at SIU are great. However, sometimes a few students may break the codes of classroom conduct repeatedly, making it difficult for both myself and the other students to concentrate. My policy regarding this is as follows: The first time a student is disruptive I ask them to stop. The second time the student is asked to leave class for rest of the day. The third time I both ask the student to leave class for the day, and ask the Dean to permanently remove the student from the class.

Getting in Touch with me
Send me an e-mail if you have short questions or would like to schedule a meeting. Please write FIN 361 in the subject line. My e-mail policy:
- I will do my best to respond to e-mail by the end of the following business day. That is a goal, not a promise.
- E-mail may not be suited for explaining certain financial concepts. I’ll do what I can but often I’ll recommend a meeting if the topic is too cumbersome to deal with via e-mail.
- Please have reasonable expectations about my response speed before exams. If you send an e-mail after 4pm the day before an exam, you probably won’t get a timely response.

Tentative Course Schedule: This schedule is subject to change

<table>
<thead>
<tr>
<th>Topic</th>
<th>Description</th>
<th>Textbook Chapters</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Introduction</td>
<td>Chapter 1</td>
</tr>
<tr>
<td>2</td>
<td>Choose long-term investments (capital budgeting)</td>
<td>Chapters 5, 6, 13</td>
</tr>
<tr>
<td>3</td>
<td>Choose long-term financing (capital structure)</td>
<td>Chapters 16, 17, 30, 18, 15</td>
</tr>
<tr>
<td>4</td>
<td>Payout policy</td>
<td>Chapters 19</td>
</tr>
<tr>
<td>5</td>
<td>Term Project</td>
<td>N/A</td>
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**Emergency Procedures** (instructions have been provided by the University):

Southern Illinois University Carbondale is committed to providing a safe and healthy environment for study and work. Because some health and safety circumstances are beyond our control, we ask that you become familiar with the SIUC Emergency Response Plan and Building Emergency Response Team (BERT) program. Emergency response information is available on posters in buildings on campus, available on the BERT’s website at www.bert.siu.edu, Department of Public Safety’s website www.dps.siu.edu (disaster drop down) and the Emergency Response Guidelines pamphlet. Know how to respond to each type of emergency.

Instructors will provide guidance and direction to students in the classroom in the event of an emergency affecting your location. **It is important that you follow these instructions and stay with your instructor during an evacuation or sheltering emergency.** The Building Emergency Response Team will provide assistance to your instructor in evacuating the building or sheltering within the facility.