Instructor: Charles Favreau (see Blackboard for contact info)

Course Description

This lab accompanies FIN 360, which is an introduction to the basic principles of finance and the application of these principles to decisions facing the financial manager. The objective is to further develop and review quantitative techniques required for FIN 360 and future finance coursework.

Prerequisites: ACCT 210, ECON 200/ECON 201B, and admission to the Eller College of Management; concurrent with FIN 360.

Course Material

1. *MyFinanceLab:* This is an internet program accompanying the textbook and is to be used to complete problem sets for FIN 360. If you are using a book from a prior semester, you must purchase MyFinanceLab separately. A link will be provided on the course Blackboard page.
2. *Financial Calculator:* TI BAII Plus or the HP 12C are recommended.
3. *Turning Technologies Clicker*: Required for weekly quizzes and participation. The QT device is recommended. Instructions for clicker registration will be provided on Blackboard.

Grade Determination

Your grade will only be determined by a final exam. The exam will take place in the Berger auditorium on May 11 from 1:00 PM – 3:00 PM (the scheduled Final Exam slot for FIN 360). It contains 25 multiple choice questions from the topics listed on the next page.

Students attending and participating in at least 10 lab sessions will have 4 points added to their final scores (the equivalent of 1 exam question). You must attend the section for which you are registered.

***ALEKS Assignment (Finance Majors only):* Students must complete the ALEKS accounting assignment by midnight on Sunday, January 24. STUDENTS WHO FAIL TO COMPLETE THE PROGRAM BY MIDNIGHT ON JANUARY 24 WILL HAVE 5 POINTS DEDUCTED FROM THEIR FIN 360L SCORE. STUDENTS WHO FAIL TO COMPLETE THE PROGRAM BY NOON ON JANUARY 26 WILL BE ADMINISTRATIVELY DROPPED FROM FIN 360L, FIN 360 AND ACCT 400C. Non-Finance and Finance/Accounting double majors are exempt from this assignment. Please see Blackboard for detailed instructions on completing the ALEKS assignment.** If you are A FINANCE MAJOR and you DID COMPLETE the program in a prior semester, please notify Kay Ross (kross@eller.arizona.edu) as soon as possible. In your email, please indicate the course and semester in which you completed ALEKS. Upon her verification, you will be exempt from the ALEKS requirement in the current semester.

Grades are awarded on a 90%/80%/70%/60% scale.

Finance Majors must attain a C or better in FIN 360L in order to enroll in upper-level Finance courses. Finance majors who attain a D in FIN 360L and attain a C or better in FIN 360 will be given the opportunity to take a FIN 360L competency test. While this test will not affect the final grade in the FIN 360L, students scoring 80% or better on this test will be permitted to enroll in upper-level Finance courses without retaking FIN 360L. The test will only be offered one week before the beginning of the Summer 2016 and Fall 2016 sessions.

Schedule

The following sessions are all considered informal and interactive discussions, and will consist of instruction, example problems, and small group work. Students are expected to come prepared to participate in all discussions.

Date	Lab	Topic
13-Jan		NO LAB
20-Jan	1	Introduction
27-Jan	2	Time Value of Money
3-Feb	3	Financial Calculators
10-Feb	4	Interest Rates; Review
17-Feb	5	Bonds
24-Feb	6	Bonds
2-Mar	7	Stocks
9-Mar	8	Stocks; Review
16-Mar		NO LAB - Spring Recess
23-Mar	9	Statistics for Finance
30-Mar	10	Risk and Return
6-Apr	11	Risk and Return; Review
13-Apr	12	Investment Decision Rules
20-Apr	13	Capital Budgetting
27-Apr	14	WACC; Review
4-May	15	Review for Final
11-May		FIN 360L Final, 1:00 PM – 3:00 PM in Berger

Final Exam Topics

From FIN 360 Exam 1:

1. *Single cash flows:* Find PV, FV, r, or t.
2. *Perpetuities:* Find PV, C, or r. C may or may not occur at time 1.
3. *Annuity:* Find PV, C, r, t, or FV. The annuity may be an ordinary annuity or an annuity due, and C may or may not occur at time 1.
4. *Growing perpetuity:* Find PV, C, r, or g. C may or may not occur at time 1.
5. *Interest rates:* Understand and use the relationship between an APR and an EAR.
6. *Loan applications:* In addition to the basic annuity concepts, find the amount of interest or principal in a given payment or calculate the remaining balance at any point during the life of the loan.

From FIN 360 Exam 2:

1. *Bonds:* Find price or YTM. Also compute a holding period return when the investor sells the bond prior to maturity.
2. *Stock returns:* Compute a return given prices and dividends. Differentiation between the dividend yield and capital gains rate.
3. *Dividend discount model:* Compute price and return.
4. *Special cases of the dividend discount model:* Compute price for no growth, constant growth, or temporary abnormal growth stock.
5. *Understanding dividends and earnings growth:* Find the growth rate, the retention ratio (plowback ratio), or the expected return on new investments.
6. *Flow to equity method:* Compute stock price given free cash flows, debt, and cash.

From FIN 360 Exam 3:

1. *Basic statistics:* Compute mean, variance standard deviation, covariance, correlation.
2. *Portfolio math:* Compute weights, expected and realized return, and (for a 2-stock portfolio) variance and standard deviation.
3. *CAPM:* Given any 3 variables, compute the 4th.
4. *CAPM and portfolios:* Compute portfolio beta and expected return. Compute weights for a 2-stock portfolio comprised of the market and the risk-free asset.

From FIN 360 Exam 4

1. *NPV:* Compute the measure and know when you can and cannot use it for decision-making.
2. *IRR:* Compute the measure and know when you can and cannot use it for decision-making.
3. *Equivalent annual annuity:* Compute this based on any series of cash flows.
4. *Incremental cash flows:* Given a set of information about a project, determine the appropriate cash flow to consider for capital budgeting. This includes considerations for taxes, depreciation, working capital, capital expenditure, sunk costs, opportunity costs, and externalities.
5. *WACC:* Compute weights and component costs.