
COURSE BAFI 500: Introductory Finance

Program: Professional MBA *Course Outline*

COURSE INFORMATION

Division: Finance

Term/period: 2020 Term 2

Instructor: Ron Giammarino

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Office hours: HA 878, by appointment

Teaching Assistant: Valentina Rutigliano

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Credit value: 1.5

Section number: 300

Class meeting times: On Line

Course duration: *March 28 to May 9, 2020*

Classroom location: On Line

Pre-requisites:

Tutorials / labs:

Course website: <https://canvas.ubc.ca>

BRIEF COURSE DESCRIPTION

The course provides an introduction to finance fundamentals. Students learn the basic structure of financial markets, of how companies acquire funds for investment as well as the basics of valuing projects and companies.

COURSE GOALS & LEARNING OBJECTIVES

You will develop an understanding of the following.

1. What are the basic features of capital markets and how are they used to finance investment.
2. What determines the value of an investment in a real asset?
 - a. How do we measure the costs and benefits of an investment?
 - b. How do we account for time and risk in evaluating costs and benefits?
3. How do stock and bond prices reflect investment decisions?

COURSE MATERIALS & REQUIREMENTS

- Corporate Finance, Fourth Canadian Edition, by Jonathan Berk, Peter DeMarzo and David Stangeland, Pearson Canada, 2019, with myFinanceLab.
- myFinanceLab Website: (access instructions attached)

Other Learning Resources:

<http://www.pearsonmylabandmastering.com/northamerica/myfinancelab/>

Course Name: BAFI 500 PMBA 2020

Course ID: [giammarino21303](#)

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ASSESSMENT SUMMARY

- Homework assignments 30% (grade based on best 4 of 5 quizzes):
 - Quizzes are posted on myfinancelab. You must register and sign on to the course in order to complete the assignments.
 - Quizzes can be attempted once, at any time prior to the final submission date.
 - You will have two hours to complete each quiz.
 - One attempt is allowed for each quiz any time before due date.
- Personal Balance Sheet (detailed below): 20%
- Final Exam: 50%
- Optional Essay: 25%, final exam reduced in value to 25%

ASSESSMENT DESCRIPTION

BEFORE OUR FIRST MEETING:

- Please review chapter 2 on accounting. We will not cover this material in class but I expect you to be comfortable with basic accounting statements.

Personal Balance Sheet:

To be submitted by midnight April 22nd. You may be asked to present your answer to the Class.

- Construct market value balance sheets for Nicola who is 35---years---old today. Using the tools developed in Chapter 4 please compute the personal balance sheet, described below. This balance sheet must **be submitted through canvas by 11:59 PM on Wednesday, April 22nd**. I will ask some of you to present your work to the class.

The balance sheet should be based on assumptions about the following:

- Nicola's current salary
- How long Nicola plans to be employed and earn a salary
- The average annual rate of growth of his Salary over her working life.
- The average annual rate of growth of house prices.

Assume Nicola will buy a house today. Financing will involve the following:

- She can borrow without making a down payment (i.e. 100% mortgage financed)
- Nicola will spend as much as the bank will give her under the following conditions:
 - She will use 32% of her (growing) pretax income every year to repay the loan.
 - The mortgage will be fully repaid with her final paycheck the day she retires.
 - The bank charges 4% interest on her mortgage.

Construct Nicola's Personal Balance Sheets (PBS) for the following dates:

- Today
- 20 years from today
- On the date that Nicola retires.

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The balance sheet will look like the following

Assets	Liabilities and Net Wealth
Human Capital (PV of future income)	Mortgage
Real Estate	Nicola's Net Wealth

Make the required assumptions and any other assumptions you feel would make this interesting. The intent is to provide you with an opportunity to use the tools presented in Chapter 4 for a non-corporate decision that you might be interested in.

Optional Essay:

- In class your group will discuss the article by Steve Denning entitled: “The Dumbest Idea in the World: Maximizing Shareholder Value.” (<https://www.forbes.com/sites/stevedenning/2011/11/28/maximizing-shareholder-value-the-dumbest-idea-in-the-world/#6c10a05c2287>)
- In this essay I want to hear your thoughts on this topic. I ask that you integrate the article, the ideas covered in Chapter 3 and the part of Chapter 7 that covers the efficient market hypothesis, the comments of your classmates at our discussion, and any other research you may have undertaken on your own.
- If you submit an essay it will count for 25% of your final grade and will reduce the value of your final exam by 25%.
- The due date for the essay is midnight, May 23rd, 2020.
- Essays should be submitted through Canvas.
- Doing the essay is optional but, if you submit the essay, the grade you receive will be used in determining your final grade (i.e. you do not have the option of withdrawing the essay after it is graded)

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SCHEDULE

Class#	CLASS TOPICS	ACTIVITIES / READINGS	ASSIGNMENTS / DELIVERABLES
Wednesday April 22		Personal Balance Sheet	Personal Balance Sheet Report due by 11:59 PM
Friday April 24			Quiz for chapter 4 is due by 11:59 PM
Sat. April 25 8:30 – 12:30 Via Collaborate Ultra	<ul style="list-style-type: none"> Time Value of Money Corporate Objective 	Personal Balance Sheet Discussion, “Dumbest Idea in the World; Shareholder Value Maximization”	Present Personal Balance Sheet Group Discussion of “Dumbest Idea”
Wednesday May 6			Quizzes for Chapters 3, 5, and 8 are due by 11:59 PM
Saturday May 9 8:30 – 12:30 Via Collaborate Ultra	<ul style="list-style-type: none"> Share valuation models 	Chapter 7	
Sunday May 17			Quiz for Chapters 7 is due
Sunday May 24		Final Exam	

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Suggested Study Plan

I realize that everyone approaches academic study in different ways. Given the changes in the way that this course is being delivered, I considered how I might manage the new format, the fact that you are taking another course concurrently and that you must manage the rest of your life at the same time. The following is a plan that I might follow. It is a suggestion only based on what I think would work for me. The general approach is to read the relevant chapter of the course and watch the associated video. Follow this with time doing problems on mystudy plan, possibly reviewing the textbook or the video as needed. When you feel comfortable with the material in that chapter, sign in and write the associated quiz. I expect that if you do this throughout the course, you will not need a great deal of time to prepare for the final exam.

This is only a suggestion that is offered in the hope that it provides some help to you in enjoying the course and becoming excited about what the study of finance has to offer you professionally and personally. Please feel free to ignore the suggestion.

		Video	Quiz	Group time	Reading/ Study	Live Class	Total Time
22-Mar	Accounting Ends	12	13	2	39	8	74
26-Mar	Begin BAFI 500 Watch Vido 1	0.5	0		0		0.5
March 27 - March 28	Video 1, Read Chapter 1,	1	0		2		3
March 29 - April 4	Videos 2 and 3, Chapter 23	1.5	0		2		3.5
April 5 - April 11	Videos 4 and 5, Chapter 3	3	0		6		9
April 12 - April 18	Chapter 3 Quiz, Video 6, Chapter 4	1.25	2		4		7.25
April 19 - April 25	Chapter 4 Quiz, Personal Balance sheet, Debate prep	0	2	2	4	4	12
April 26 - May 2	Video 7, Chapter 5 Chapter 5 Quiz	2	2		4		8
May 3 - May 9	Video 8, Chapter 8 quiz, Review Chapter 7 for Saturday Class	3	2		3	4	12
May 9 -May 24	Chapter 7 quiz, exam review		2		6		8
24-May	Final Exam on line		3		8		11

KEY REGULATIONS

Attendance: As per RHL Regulations on Professionalism, Attendance and Behaviour, students are expected to attend 100% of their scheduled classes. Students missing more than 20% of scheduled classes for reasons other than illness will be withdrawn from the course. Withdrawals, depending on timing, could result in a “W” or an “F” standing on a student’s transcript. Students must notify their instructors at the earliest opportunity if they are expected to miss a class due to illness. A medical note from a licensed, local doctor is required if more than 20% of scheduled classes for a course are missed due to illness. Students are required to notify the Student Experience Manager if they are absent from two or more classes due to illness.

Tardiness: As per RHL Regulations on Professionalism, Attendance and Behaviour, students are expected to arrive for classes and activities on time and fully prepared. Late arrivals may be refused entry at the discretion of the instructor or activity lead. Students arriving halfway through a scheduled class, or later, will be treated as absent for that class.

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Electronic Devices: As per RHL Regulations on Professionalism, Attendance and Behaviour, laptops and other electronic devices (cellphones, tablets, personal technology, etc.) are not permitted in class unless required by the instructor for specific in-class activities or exercises. Cellphones and other personal electronic devices must be turned off during class and placed away from the desktop. Students who fail to abide by the RHL “lids down” policy will be asked to leave the room for the remainder of the class. Research has shown that multi-tasking on laptops in class has negative implications for the learning environment, including reducing student academic performance and the performance of those sitting around them.

ACADEMIC MISCONDUCT

All UBC students are expected to behave as honest and responsible members of an academic community. Failure to follow appropriate policies, principles, rules and guidelines with respect to academic honesty at UBC may result in disciplinary action.

It is the student’s responsibility to review and uphold applicable standards of academic honesty. Instances of academic misconduct, such as cheating, plagiarism, resubmitting the same assignment, impersonating a candidate, or falsifying documents, will be strongly dealt with according to UBC’s procedures for Academic Misconduct. In addition to UBC’s Academic Misconduct procedures, students are responsible for reviewing and abiding by RHL’s policy on Academic Integrity.

STANDARD REFERENCE STYLE

The Robert H. Lee Graduate School uses American Psychological Association (APA) reference style as a standard. Please use this style to cite sources in your work unless directed to use a different style.

LATE ASSIGNMENTS

Late submissions will not be accepted and will receive a zero.

Student Registration Instructions

To register for **BAFI 500 PMBA 2020**:

1. Go to www.pearson.com/mylab.
2. Under Register, select **Student**.
3. Confirm you have the information needed, then select **OK! Register now**.
4. Enter your instructor's course ID: [giammarino21303](#), and **Continue**.
5. Enter your existing Pearson account **username** and **password** to **Sign In**.
You have an account if you have ever used a MyLab or Mastering product.
 - » If you don't have an account, select **Create** and complete the required fields.
6. Select an access option.

- » Enter the access code that came with your textbook or that you purchased separately from the bookstore.
- » If available for your course,
 - Buy access using a credit card or PayPal.
 - Get temporary access.

If you're taking another semester of a course, you skip this step.

7. From the You're Done! page, select **Go To My Courses**.
8. On the My Courses page, select the course name **BAFI 500 PMBA 2020** to start your work.

To sign in later:

1. Go to www.pearson.com/mylab.
2. Select **Sign In**.
3. Enter your Pearson account **username** and **password**, and **Sign In**.
4. Select the course name **BAFI 500 PMBA 2020** to start your work.

To upgrade temporary access to full access:

1. Go to www.pearson.com/mylab.
2. Select **Sign In**.
3. Enter your Pearson account **username** and **password**, and **Sign In**.
4. Select **Upgrade access** for **BAFI 500 PMBA 2020**.
5. Enter an access code or buy access with a credit card or PayPal.