

COURSE INFORMATION

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|------------------------|----------------------|-----------------|--------------------|
| Course title: | Introductory Finance | | |
| Course code: | BAFI 500 | Credits: | 1.5 |
| Session, term, period: | 2021W ,Period 2 | Class location: | HA 132 |
| Section(s): | 001 | Class times: | Tue/Thu, 2pm - 4pm |
| Course duration: | Nov 1 to Dec 2 | Pre-requisites: | none |
| Division: | Finance | Co-requisites: | none |
| Program: | MBA | | |

INSTRUCTOR INFORMATION

| | | | |
|-------------|--|------------------|--|
| Instructor: | Ron Giammarino | | |
| Phone: | 604 822 8357 | Office location: | Henry Angus 878 |
| Email: | giammarino@sauder.ubc.ca | Office hours: | In Person, Wed. 3:00 -4:00 PM Virtual: by appointment |

Virtual Office Link:

<https://ubc.zoom.us/j/9921786352?pwd=SS9WVnNab1lueG4xNENxUnM1QlhPQ>

Teaching assistant: Yingxiang Li

Email: yingxiang.li@sauder.ubc.ca

COURSE DESCRIPTION

The course provides an introduction to finance fundamentals. This includes concepts such as the time value of money, interest rates, the functioning of capital markets, and capital budgeting. Students learn the basic structure of financial markets, of how companies acquire funds for investment as well as the basics of valuing projects, stocks, and bonds.

COURSE FORMAT

Class time will be used for a combination of lectures, discussion, and solving sample problems. Attendance is expected to accomplish the learning objectives below. Lectures and discussions will assume that students have preread the class material.

LEARNING OBJECTIVES

Students who successfully complete the course will have an ability to quantitatively evaluate the financial benefits associated with personal and corporate investment decisions. Students will also have a basic understanding of the determinants of discount rates. The course forms the foundation for further work in finance.

COURSEWORK IN THE FINANCE CURRICULUM.ASSESSMENTS

Summary

- Homework assignments 25%: (grade based on best 4 of 6 quizzes):
- Personal Balance Sheet: 25%

- Participation: 15%
- Final Exam: 35%

Details of Assessments

Homework Assignments:

- Quizzes are posted on mylab. You must register and sign on to the course in order to complete the assignments. (instructions can be found below)
- Quizzes can be attempted once at any time prior to the final submission date.
- You will have two hours to complete each quiz.

Personal Balance Sheet:

To be submitted by midnight November 15th. You may be asked to present your answer to the Class.

- Construct market value balance sheets for Nicola who is 31---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 Monday, November 15th**. 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:

- o She can borrow without making a down payment (i.e. 100% mortgage financed)
- o 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.

The balance sheet should look something like the following

| | |
|---|---|
| <p>Human Capital (PV of future income)</p> <p>Real Estate</p> | <p>Mortgage</p> <p>Nicola's Net Wealth</p> |
| <p>Assets</p> | <p>Liabilities and Net Wealth</p> |

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.

Please submit a word document presenting the three requested balance sheets in addition to a statement of how each answer was calculated (example: "I calculated the mortgage payments using the formula xxxxx and solving for A"). You may also submit a supporting spreadsheet.

Participation: Based on contributions to class discussions

Final Exam: Will be based on Chapters 1, 4, 5, 6, 7 and 8. The exam structure will be similar to the posted practice exam. A formula sheet will be provided.

LEARNING MATERIALS

- Corporate Finance, Fourth Canadian Edition, by Jonathan Berk, Peter DeMarzo and David Stangeland, Pearson Canada, 2019, with myFinanceLab.
- myFinanceLab Website: (access instructions attached) Go to: <https://www.pearson.com/mylab>

Course Name: BAFI 500 MBA 2021

Course ID: giammarino49734

Estimated cost of required materials: \$95

COURSE-SPECIFIC POLICIES AND RESOURCES

Missed or late assignments, and regrading of assessments

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

Academic Concessions

If extenuating circumstances arise, please contact the RHL Graduate School program office as early as reasonably possible, and submit an [Academic Concession Request & Declaration Form](#). If an academic concession is granted during the course, the student will be provided options by RHL, or by the instructor in consultation with RHL, per [UBC's policy on Academic Concession](#).

POLICIES APPLICABLE TO COURSES IN THE ROBERT H. LEE GRADUATE SCHOOL

Attendance

Excepting extenuating circumstances, students are expected to attend 100% of their scheduled class hours. Absent students limit their own academic potential, and that of their classmates, and cause unnecessary disruption to the learning environment. Students missing more than 20% of the total scheduled class hours for a course (including classes held during the add/drop period) without having received an academic concession will be withdrawn from that course. Withdrawals, depending on timing, could result in a "W" or an "F" standing on the transcript.

COVID-19 Policies for Attendance & Academic Concessions:

If a student feels unwell, they should stay home and send a courtesy email to each impacted instructor and cc their program manager. The student should also submit an [Academic Concession Request & Declaration Form](#).

If a student suspects possible COVID-19 infection, they should use the BC Ministry of Health's [selfassessment tool](#), to help determine whether further assessment or testing for COVID-19 is recommended.

If a student is required to self-isolate (e.g., while waiting for test results), they should follow the steps above (stay home, email instructor(s) and program manager, submit an [Academic Concession Request & Declaration Form](#), and follow BC Health Guidance.

Students who are required to quarantine, should get in touch with their Program Manager to discuss the possibility of academic concessions for each impacted course. The Program Manager will work closely with your instructors to explore options for you to make up the missed learning.

COVID-19 Safety in the Classroom:

Masks: Masks are **required** for all indoor classes, as per the BC Public Health Officer orders. For our inperson meetings in this class, it is important that all of us feel as comfortable as possible engaging in class activities while sharing an indoor space. For the purposes of this order, the term "masks" refers to medical and non-medical masks that cover our noses and mouths. Masks are a primary tool to make it harder for COVID-19 to find a new host. You will need to wear a medical or non-medical mask for the duration of our class meetings, for your own protection, and the safety and comfort of everyone else in

the class. You may be asked to remove your mask briefly for an ID check for an exam, but otherwise, your mask should cover your nose and mouth. Please do not eat in class. If you need to drink water/coffee/tea/etc, please keep your mask on between sips. Students who need special accommodation are asked to discuss this with the program office.

Seating in class: To reduce the risk of COVID-19 transmission, please sit in a consistent area of the classroom each day. This will minimize your contacts and will still allow for the pedagogical methods planned for this class to help your learning.

Visit the following website for the most recent updates regarding COVID-19 protocol on campus:
<https://students.ubc.ca/campus-life/returning-to-campus>

Punctuality

Students are expected to arrive for classes and activities on time and fully prepared to engage. Late arrivals may be refused entry at the discretion of the instructor or activity lead. Students arriving later than halfway through a scheduled class will be treated as absent for that class.

Electronic Devices

Devices such as laptops, tablets, and cell phones are not permitted to be used in class unless directed by the instructor for in-class activities. Students who do not follow the School's policy in this regard may be required to leave the room for the remainder of the class, so that they do not distract others. Research shows that students' use of laptops in class has negative implications for the learning environment, including reducing their own grades and the grades of those sitting around them.

Citation Style

Please use the American Psychological Association (APA) reference style to cite your sources.

Details of the above policies and other RHL Policies are available at:
<http://www.calendar.ubc.ca/vancouver/index.cfm?tree=12,199,506,1625>

UNIVERSITY POLICIES AND RESOURCES

UBC provides resources to support student learning and to maintain healthy lifestyles but recognizes that sometimes crises arise and so there are additional resources to access including those for survivors of sexual violence. UBC values respect for the person and ideas of all members of the academic community. Harassment and discrimination are not tolerated nor is suppression of academic freedom. UBC provides appropriate accommodation for students with disabilities and for religious observances. UBC values academic honesty and students are expected to acknowledge the ideas generated by others and to uphold the highest academic standards in all of their actions. Details of the policies and how to access support are available on the UBC Senate website at <https://senate.ubc.ca/policies-resourcesupport-student-success>.

Respect for Equity, Diversity, and Inclusion

The UBC Sauder School of Business strives to promote an intellectual community that is enhanced by diversity along various dimensions including status as a First Nation, Metis, Inuit, or Indigenous person, race, ethnicity, gender identity, sexual orientation, religion, political beliefs, social class, and/or disability. It is critical that students from diverse backgrounds and perspectives be valued in and well

served by their courses. Furthermore, the diversity that students bring to the classroom should be viewed as a resource, benefit, and source of strength for your learning experience. It is expected that all students and members of our community conduct themselves with empathy and respect for others.

Academic Integrity

The academic enterprise is founded on honesty, civility, and integrity. As members of this enterprise, all students are expected to know, understand, and follow the codes of conduct regarding academic integrity. At the most basic level, this means submitting only original work done by you and acknowledging all sources of information or ideas and attributing them to others as required. This also means you should not cheat, copy, or mislead others about what is your work. Violations of academic integrity (i.e., misconduct) lead to the breakdown of the academic enterprise, and therefore serious consequences arise and harsh sanctions are imposed. For example, incidences of plagiarism or cheating may result in a mark of zero on the assignment or exam and more serious consequences may apply if the matter is referred to the President's Advisory Committee on Student Discipline. Careful records are kept in order to monitor and prevent recurrences.

COPYRIGHT

All materials of this course (course handouts, lecture slides, assessments, course readings, etc.) are the intellectual property of the instructor or licensed to be used in this course by the copyright owner. Redistribution of these materials by any means without permission of the copyright holder(s) constitutes a breach of copyright and may lead to academic discipline and could be subject to legal action. Any lecture recordings are for the sole use of the instructor and students enrolled in the class. In no case may the lecture recording or part of the recording be used by students for any other purpose, either personal or commercial. Further, audio or video recording of classes are not permitted without the prior consent of the instructor. Students may not share class Zoom links or invite others who are not registered to view sessions.

ACKNOWLEDGEMENT

UBC's Point Grey Campus is located on the traditional, ancestral, and unceded territory of the x^wməθk^wəyəm (Musqueam) people, who for millennia have passed on their culture, history, and traditions from one generation to the next on this site.

COURSE SCHEDULE

(Subject to change)

| Class | Date | Topic | Readings or Activities | Assessments due |
|-------|------------|--|------------------------|---|
| 1 | 2-Nov-21 | Introduction: Corporate structure and Finance | Chapter 1 | |
| 2 | 4-Nov-21 | Time Value of Money | Chapter 4 | |
| 3 | 9-Nov-21 | Equity and Debt Financing | Chapters 23 and 24 | |
| 4 | 12-Nov-21* | Financing plus Interest Rates | Chapter 5 | Chapter 4 Quiz due by 11:59PM |
| | 15-Nov-21 | | | Personal Balance Sheet due on Canvas |
| 5 | 16-Nov-21 | Interest Rates plus Personal Balance Sheet Presentations | | |
| 6 | 18-Nov-21 | Valuing Bonds | Chapter 6 | |
| 7 | 23-Nov-21 | Valuing Stocks | Chapter 7 | |
| 8 | 25-Nov-21 | Valuing Stocks | Chapter 7 | |
| 9 | 25-Nov-21 | Investment Decision Rules | Chapter 8 | |
| 10 | 25-Nov-21 | Fundamentals of Capital Budgeting | Chapter 9 | |
| | 3-Dec-21 | | | Final Day to submit quizzes for Chapters 5, 6, 7, and 8 by 11:59 PM |

*This is a makeup class for the November 11 class that falls on a holiday.

Student Registration Instructions

To register for **BAFI 500 MBA 2021**:

1. Go to <https://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: **giammarino49734**, 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 MBA 2021** to start your work.

To sign in later:

1. Go to <https://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 MBA 2021** to start your work.

To upgrade temporary access to full access:

1. Go to <https://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 MBA 2021**.
5. Enter an access code or buy access with a credit card or PayPal.

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