

Finance 330: Corporate Finance 2013-2014

Time: TBA

Instructor: Andrew Carver
Email: carver@tcnj.edu
Phone:
Office Hours:

Text: Selected Chapters (free online text) of: *Corporate Finance*, by Ivo Welch, 2th edition
<http://book.ivo-welch.info/ed2/>

Course description:

This course is an in-depth examination of corporate finance and capital budgeting. Capital budgeting is the process of developing a firm's investment policy by selecting among alternative opportunities. Thus, one purpose of this course is to provide students with tools and to familiarize them with concepts that can be used to analyze investment decisions within a firm. A second goal is the examination of issues related to capital structure, the mix of debt and equity used to finance the firm's investments.

Course Learning Objectives:

When students leave the Corporate Finance course, they should be able to:

- Measure risk associated with an investment.
- Define covariance and correlation coefficient
- Use the capital asset pricing model to determine a stock's required rate of return
- Compute a beta
- Estimate a market risk premium
- Solve an unequal life capital budgeting decision problem
- Select investment projects under capital rationing constraint
- Project cash flows
- Determine a firm's optimal capital structure
- Describe the residual dividend model
- Compute a dividend payout ratio
- Employ the market multiples method to determine the value of a firm
- Use the adjusted present value method to estimate the value of a firm
- Solve a capital budgeting problem involving foreign exchange rates

Outline

Week	Dates	Topic/Readings
1	Jan. 22 – Jan. 25	Course Introduction, Review of Present Value, Chapter 4
2	Jan. 29 – Feb. 1	More Present Value, Bond Valuation & Stock Valuation – Chapters 8 & 9
3	Feb. 5 - Feb. 8	Capital Budgeting: Decision Criteria – Chapter 5
4	Feb. 12 - Feb.15	Capital Budgeting: Estimating Cash Flows – Chapter 6
5	Feb. 19 - Feb. 22	Estimating Cash Flows Continued
6	Feb. 26 - March 1	MIDTERM #1
7	March 5- March 8	Scenario Analysis and Monte Carlo Simulation – Chapter 7 Case Study #1
8	March 12- March 15	NO CLASS THIS WEEK – Spring Break
9	March 19- March 22	Risk and Return – Chapter 10
10	March 26- March 29	Capital Asset Pricing Model & Weighted Average Cost of Capital Chapters 11 & 13
11	April 2- April 5	Capital Structure Decisions – Chapter 15 & 16 Case Study #2
12	April 9- April 12	MIDTERM #2
13	April 16- April 19	Capital Structure Decisions – Chapter 17
14	April 23- April 26	Valuation of Leveraged Firms – Chapter 18 Dividends and Share Buybacks – Chapter 19
15	April 30-	Review, April 30 is the last day of class

Final Exam: Date TBD

Grading: Your course grade will be determined by:

Midterm Exams (2)	40%
Final Exam	40%
Project/case study	10%
Class participation	10%
TOTAL	100%

Final grades will be based on the following scale:

93-100 %	A
90-93 %	A-
87-90 %	B+
83-87 %	B
80-83 %	B-
77-80 %	C+
73-77 %	C
70-73 %	C-
60-70 %	D
Below 60%	F

Grades will be modified to fit a curve, if appropriate.

The project/case study:

In the project you will assume the role of consultant and apply the ideas from the class to a real world business decision. You will be given details about a financial decision problem that a company faces. You will have a chance to ask whatever questions you think will aid in your analysis and ultimately provide high quality advice.

You will produce two deliverables: a presentation and a report. You will present your results to the client (the company's representative or me) on either the last or the second to last day of class. In addition to presenting your findings, you should bring a printout of any slides you use. Your presentation will be evaluated based on clarity, content and professionalism. In addition, you should provide a written report to your client. This report should include an executive summary highlighting your recommendations as well as more detailed supporting information.

SELECTED TCNJ POLICIES

TCNJ's final examination policy is available on the web:
<http://www.tcnj.edu/~academic/policy/finaevaluations.htm>

Attendance

Every student is expected to participate in each of his/her courses through regular attendance at lecture and laboratory sessions. It is further expected that every student will be present, on time, and prepared to participate when scheduled class sessions begin. At the first class meeting of a semester, instructors are expected to distribute in writing the attendance policies which apply to their courses. While attendance itself is not used as a criterion for academic evaluations, grading is frequently based on participation in class discussion, laboratory work, performance, studio practice, field experience, or other activities which may take place during class sessions. If these areas for evaluation make class attendance essential, the student may be penalized for failure to perform satisfactorily in the required activities. Students who must miss classes due to participation in a field trip, athletic event, or other official college function should arrange with their instructors for such class absences well in advance. The Office of Academic Affairs will verify, upon request, the dates of and participation in such college functions. In every instance, however, the student has the responsibility to initiate arrangements for make-up work.

Students are expected to attend class and complete assignments as scheduled, to avoid outside conflicts (if possible), and to enroll only in those classes that they can expect to attend on a regular basis. Absences from class are handled between students and instructors. The instructor may require documentation to substantiate the reason for the absence. The instructor should provide make-up opportunities for student absences caused by illness, injury, death in the family, observance of religious holidays, and similarly compelling personal reasons including physical disabilities. For lengthy absences, make-up opportunities might not be feasible and are at the discretion of the instructor. The Office of Academic Affairs will notify the faculty of the dates of religious holidays on which large numbers of students are likely to be absent and are, therefore, unsuitable for the scheduling of examinations. Students have the responsibility of notifying the instructors in advance of expected absences. In cases of absence for a week or more, students are to notify their instructors immediately. If they are unable to do so they may contact the Office of Records and Registration. The Office of Records and Registration will notify the instructor of the student's absence. The notification is not an excuse but simply a service provided by the Office of Records and Registration. Notifications cannot be acted upon if received after an absence. In every instance the student has the responsibility to initiate arrangements for make-up work.

TCNJ's attendance policy is available on the web:

<http://www.tcnj.edu/~recreg/policies/attendance.html>

Academic Integrity Policy

Academic dishonesty is any attempt by the student to gain academic advantage through dishonest means, to submit, as his or her own, work which has not been done by him/her or to give improper aid to another student in the completion of an assignment. Such dishonesty would include, but is not limited to: submitting as his/her own a project, paper, report, test, or speech copied from, partially copied, or paraphrased from the work of another (whether the source is printed, under copyright, or in manuscript form). Credit must be given for words quoted or paraphrased. The rules apply to any academic dishonesty, whether the work is graded or ungraded, group or individual, written or oral.

TCNJ's academic integrity policy is available on the web:

<http://www.tcnj.edu/~academic/policy/integrity.html>.

Americans with Disabilities Act (ADA) Policy

Any student who has a documented disability and is in need of academic accommodations should

notify the professor of this course and contact the Office of Differing Abilities Services (609-771-2571). Accommodations are individualized and in accordance with Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1992.

TCNJ's Americans with Disabilities Act (ADA) policy is available on the web:

<http://www.tcnj.edu/~affirm/ada.html> .