

Finance 3300/06F:117 3 s.h.
Corporate Finance
Fall 2013
CIMBA
Paderno del Grappa

Instructor:

Taylor W. (Bill) Foster III
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Email: tfoster@nmsu.edu
Office location and office hours TBA

Course Materials:

“Fundamentals of Corporate Finance” by Ross, Westerfield, & Jordan (McGraw-Hill/ 8th Alternate Edition). Students will also receive a CD pack that contains a variety of supplementary materials.

Goals:

This course builds upon the principles covered in a traditional introductory financial management class. The objective is to prepare you for advanced managerial decision making and to further your knowledge of corporate financial policy. Topics covered include: financial reporting, profit measurement, dividend policy, capital structure strategies, agency theory, corporate restructuring, cash flow valuation, mergers and acquisitions, option pricing fundamentals, convertible debt, callable debt, and warrants. The course will combine financial theory with the application of financial analysis to real companies.

Prerequisite:

Introductory Financial Management

Calculator:

Your life will be easier if you have a financial calculator and know how to use it. You will not be able to use a smart phone or other “communication-capable” device during exams (even though it has calculator software embedded) for obvious reasons

Class structure:

The course will meet in 20 class sessions of 110 minutes each. Class sessions will be a combination of lecture, discussions, and problem-solving. Readings from relevant research and professional literature will be supplied via the CD pack.

In order to succeed in this course, you will need to be able to work problems. Financial concepts can be difficult to grasp and put into practice, so repetition is crucial. Perhaps more importantly, you need to learn how to read with understanding, rather than just reading the words. Take notes as you read your textbook, in class, and on the readings. This will help you prepare for exams and for your future in finance.

Homework:

Homework problems will be periodically assigned. These are to be completed on an individual basis. Late homework will be penalized, unless a valid excuse is obtained from the CIMBA Undergraduate Office Staff and/or the Instituto Filippin medical staff.

Group project:

An excel template will be provided which will help your group ascertain the value of an assigned company's stock. Your group will need to complete the tables provided in the spreadsheet (40% of the project grade) and submit a written report (60% of the project grade). Your group will be required to justify whether or not your assigned company is a good acquisition target.

Moreover, your group will be asked to address several issues related to the project, including the reasonableness of the underlying assumptions.

Exams:

There is an hour exam and a comprehensive final. Anyone who is "sick" on the date of the examination must have a written excuse per CIMBA policy AND contact the instructor before the exam in person or via email (tfoster@nmsu.edu). For excused absences, arrangements will be made with the professor to take a makeup exam; however be aware that its content might not correspond directly to the content of the main exam given and the curve for the main exam will also apply to the makeup. In extreme cases, the comprehensive final will be reweighted to count for 70% of the course grade.

The normal format is a combination of problems and short discussion questions. The problems will resemble those assigned for homework. Partial credit will be awarded to varying degrees, depending on the complexity of the problem. In order to receive partial credit, supporting calculations **MUST** be shown. The written questions will mirror discussions we have in class and/or will pertain to the readings.

Grades:

Individual homework assignments	10%
Group project	20%
Hour exam	30%
Comprehensive final exam	<u>40%</u>
Total	100%

Class participation will be used to resolve borderline grades.

Course grades will be approximately distributed according to the recommended guidelines of the Accounting Department at the University of Iowa, which is 25% A's, 35% B's, 30% C's, and 10% D's. These are only guidelines.

Additional Classes:

Due to the extensive amount of travel time incorporated into the CIMBA undergraduate program, we will likely have a few additional classes (probably on Saturdays) to ensure that we have the appropriate amount of class sessions (per UI regulations). The additional classes have NOT been confirmed yet; however, they will be confirmed by the end of the first week of classes. The additional classes will not be during any of the CIMBA scheduled travel breaks.

Schedule:

We have been assigned to the B1 block. A tentative daily schedule, without the additional classes, is attached.

Policies:*CIMBA Attendance Policy:*

Attendance at all classes and CIMBA sanctioned activities is MANDATORY. All unexcused absences will have the following consequences:

- 1st absence will result in the loss of 1/3 of a letter grade in the class
- 2nd absence (cumulative) will result in the loss of an entire letter grade
- 3rd absence (cumulative) will result in dismissal from the program.

Absences due to illness require a note from the CIMBA Undergraduate Office Staff and/or the Instituto Filipino medical staff. If a student is sick and cannot attend class, he/she must inform the CIMBA Staff immediately. Failure to do so will result in an unexcused absence.

Disabilities:

If you have a disability that may require some modification of seating, testing, or any class requirement, please let me know as soon as possible so that appropriate arrangements can be made. Similarly, if you have any emergency medical information that should be brought to my attention, or if you need special arrangements in the event of a building evacuation, please let me know. Please see me after or outside of class to discuss these matters.

Cheating:

It is my sincere hope that no student in this class submits work which is not his or her own. However, it seems prudent to clarify in advanced the policy on cheating. If I determine that any assignment was not worked solely by the student whose name appears on the assignment, the student will receive a zero (0) for the assignment and may receive an "F" for the class. All incidents of cheating will be reported to the CIMBA Undergraduate Office and the Associate Dean of the Tippie College of Business. The student may be placed on disciplinary probation for the remainder of the semester. In general, the decision of the professor may be appealed to the CIMBA Undergraduate Staff and/or the College of Business Judicial Board, then to the Associate Dean for the Undergraduate Program. The Honor Code is located on the University of Iowa website: <http://tippie.uiowa.edu/fulltimemba/academics/honorcode.cfm>.

Sexual Harassment:

CIMBA, The Tippie College of Business and the University of Iowa are committed to providing students with an environment free from sexual harassment. If you feel that you are being or have been harassed or you are not sure what constitutes sexual harassment, you are encouraged to visit the University of Iowa website: <http://www.uiowa.edu/homepage/safety/sexual-misconduct.htm>.

You may also seek assistance from the department chairs, Dean's Office, the University Ombudsperson Office, or the Office of Equal Opportunity and Diversity.

FERPA Requirement

In order to participate in this class, it may be necessary to reveal to other students the names of students who are enrolled in this course. If you do not want your name revealed to other students enrolled in this course, please contact me (tfoster@nmsu.edu) by the end of the first week of class.

Complaints:

Student concerns regarding this course should first be discussed with me, the faculty member teaching this course. If we can't resolve the complaint, you may contact the Finance Department Chair, Erik Lie (319-335-0846, erik-lie@uiowa.edu). If you cannot resolve the complaint by speaking with the chair, you may contact the Associate Dean of the Tippie College Undergraduate Program, Lon Moeller, at 319-335-0924, or by email at lon-moeller@uiowa.edu.

Tentative Schedule

(This schedule does not include the possible additional classes)

<u>Class Number</u>	<u>Date</u>	<u>Topic</u>	<u>Chapter</u>	<u>Homework</u>
1	T 9/17	Introduction	CD pack	
2	Th 9/19	Time value of money	CD pack	
3	T 9/24	Financial reporting	CD pack	TBA
4	Th 9/26	Financial reporting	CD pack	
5	T 10/1	Cash flows: valuation & capital budgets	CD pack	TBA
6	Th 10/3	Cash flows: valuation & capital budgets	CD pack	
7	T 10/8	Capital market history	12	TBA
8	Th 10/10	Return, risk, and the security market line	13	

TRAVEL WEEK Saturday 10/12 through Sunday 10/20

9	T 10/22	Options and corporate finance	14	TBA
10	Th 10/24	Risk management- hedging	23	
11	T 10/29	Exam		
12	Th 10/31	Cost of capital	15	
13	T 11/5	Raising capital	16	TBA
14	Th 11/7	Financial leverage and capital structure	17	

TRAVEL WEEK Saturday 11/9 through Sunday 11/17

15	T 11/19	Dividends	18	TBA
16	Th 11/21	Mergers and acquisitions	25	
17	T 11/26	Mergers and acquisitions	25	TBA

EXTENDED WEEKEND Thursday 11/28 through Sunday 12/1

18	T 12/3	Group project due Catch up day or International corporate finance	22	
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Comprehensive final exam TBA