

FIN305 Corporate Finance

Syllabus Overview

This syllabus contains all relevant information about the course: its objectives and outcomes, the grading criteria, the texts and other materials of instruction, and weekly topics, outcomes, assignments, and due dates. Consider this your roadmap for the course. Please read through the syllabus carefully and ask questions if you would like anything clarified. Please print a copy of this syllabus for reference.

Course Description

3 Credits

Prerequisite: None

The primary objective of Corporate Finance is to provide a framework, concepts, and tools for analyzing financial decisions based on fundamental principles of modern financial theory. The approach is rigorous and analytical. Topics covered include discounted cash flow techniques; corporate capital budgeting and valuation; investment decisions under uncertainty; capital asset pricing; options and market efficiency. The course will analyze corporate financial policy, including capital structure, cost of capital, dividend policy, and related issues. The course also covers the operating and financial leverage, sustainable growth and financial health of a firm.

Course Outcomes

At the completion of this course, students should be able to:

- Identify the relevant cash flows and appropriate risk-adjusted discount rate when making a capital budgeting decision.
- Use the advantages and disadvantages of the various capital budgeting decision methods to best advantage.
- Use the advantages and disadvantages of the alternative sources of long-term capital to best advantage.
- Quantitatively and qualitatively assess a firm's capital structure with the goal of identifying the optimal capital structure.
- Apply alternative valuation methods including APV, FTE and NPV.

Communication with Your Instructor

You will receive a welcome email from your instructor prior to the start of class. This email will contain your instructor's contact information. Your instructor will also be communicating with you via several methods in the course, including:

- **Announcements** – This communication tool, located on the navigation menu within your course in Canvas, contains important updates. Be sure to check for new announcements from your instructor each time you access your course.
- **Q&A** – Use this discussion board, located on the Home screen in your course, to communicate with your instructor and classmates regarding general course questions (i.e. missing links, assignment clarification, etc.).
- **Inbox** – Use the Inbox, located in the top right corner of Canvas, to send a message to your instructor or classmates.

Materials and Resources

Required or Supplemental Text or Resources:

A customized McGraw Hill textbook is used in this course along with the Connect system.

- **Hard copy** ISBN bundled with Connect Access Card: **9780077866198**
- **eBook** ISBN bundled with the Connect Access Card: **9780077866204**

The citation for the source textbook used to create the custom textbook is provided below:
Finance: Applications & Theory. Cornett, Adair, and Nofsinger. McGraw-Hill (2008).

Bookstore Information

The bookstore can be located in the left-hand navigation of any Canvas course.

Library Services

Detailed information about the eLibrary can be found in the Student Resource Center. This is a course that all students have access to during their academic career.

Canvas Help Desk and Technical Questions

If you experience technical issues in your course, please contact the Canvas Help Desk by clicking the Help link (top right corner within Canvas). There are 3 ways to contact them:

- Phone (888-628-2749)
- Live chat
- Report a problem (submit a ticket)

Be sure to notify your instructor of any technical difficulties you are experiencing.

Additional resources are available in the Student Resource Center and the Canvas Guides website:
<https://community.canvaslms.com/docs/DOC-4121>

Weekly Schedule

Week 1	Financial Statement & Analysis
Outcomes	<ul style="list-style-type: none"> • Demonstrate why and how corporate finance informs business decision making • Identify and understand the key financial statement managers use for decision making • Calculate and interpret the major financial ratios
Readings	<ul style="list-style-type: none"> • Chapter 1, Introduction to Financial Management • Chapter 2, Reviewing Financial Statements • Chapter 3, Analyzing Financial Statements
Lectures	Chapters 1 & 3
Discussion	The stability of the financial system
Assignments	<p>Connect</p> <p>Instructions: Log in to Connect. Complete the Week 1 Assignment (covering Chapters 1, 2, and 3). Your instructor will post your Assignment score from the Connect gradebook. This is a graded activity. Your grade will reflect the score earned in the weekly Connect assignment.</p> <p>Due <u>Sunday</u> (11:59pm, Eastern Time).</p>
Quiz	Progress Monitor

Week 2	Time Value of Money
Outcomes	<ul style="list-style-type: none"> • Create a cash time line • Compute the future value of money • Explain the power of compound interest rates • Discount future cash flows to the present • Compute the present value of an annuity
Readings	<ul style="list-style-type: none"> • Chapter 4, Analyzing Single Cash Flows • Chapter 5, Analyzing Annuity Cash Flow
Lectures	Chapters 4 & 5
Discussion	Theory of compound interest rates

Assignments	Connect Assignment
Quizzes	Refer to your course

Week 3	Valuation
Outcomes	<ul style="list-style-type: none"> • Describe stock and bond characteristics • Compute stock and bond prices • Explain and understand the relationship between bond prices and interest rates • Describe and apply the P/E ratio model
Readings	<ul style="list-style-type: none"> • Chapter 6, Valuing Bonds • Chapter 7, Valuing Stocks
Lectures	Chapters 6 & 7
Discussion	Retirement in the future
Assignments	Connect Assignment
Quiz	Progress Monitor

Week 4	Risk and Return
Outcomes	<ul style="list-style-type: none"> • Recognize the risk/return relationship and what this implies • Measure the total risk of an investment • Explain the nature and implications of diversification on total risk • Compute the return on an investment portfolio • Explain and apply the CAPM • Calculate and apply “beta” • Calculate and explain the concept of required rate of return
Readings	<ul style="list-style-type: none"> • Chapter 9, Characterizing Risk and Return • Chapter 10, Estimating Risk and Return
Lectures	Chapters 9 & 10
Discussion	Sound business decision-making in risk and risk management in business

Assignments	Connect Assignment
Quizzes	Refer to your course

Week 5	Capital Budgeting I
Outcomes	<ul style="list-style-type: none"> • Calculate the cost of capital for a particular capital project using the WACC • Describe the relationship between a firm's cost of capital and the required rate of return needed by various investors • Estimate the component costs • Identify the incremental cash flows attributed to a particular project • Calculate a projects expected cash flows • Calculate cash flows from cost-cutting projects
Readings	<ul style="list-style-type: none"> • Chapter 11, Calculating the Cost of Capital • Chapter 12, Estimating Cash Flows on Capital Budgeting Projects
Lectures	Chapters 11 & 12
Discussion	Long term investment decisions for sustainability
Assignments	Connect Assignment
Quiz	Progress Monitor

Week 6	Capital Budgeting II
Outcomes	<ul style="list-style-type: none"> • Explain the various capital budgeting decision techniques • Calculate and use the NPV, IRR and PB techniques
Readings	<ul style="list-style-type: none"> • Chapter 12, Estimating Cash Flows on Capital Budgeting Projects • Chapter 13, Weighing Net Present Value and Other Capital Budgeting Criteria
Lectures	Chapters 12 & 13
Discussion	YMCA - The role of good cash flow estimates
Assignments	Connect Assignment
Quizzes	Refer to your course

Week 7 Capital Structure	
Outcomes	<ul style="list-style-type: none"> • Explain the concept of financial leverage • Demonstrate how firms distribute risk and return between stock and bond holders • Describe how the optimal capital structure might change when taxes and bankruptcy are introduced • Describe the techniques used to determine how dividends share repurchases and other sorts of payouts are utilized
Readings	<ul style="list-style-type: none"> • Chapter 14, Assessing Long-Term Debt, Equity and Capital Structure • Chapter 15, Sharing Firm Wealth: Dividends, Share Repurchases and Other Payouts
Lectures	Chapters 14 & 15
Discussion	“Human capital”
Assignments	Connect Assignment
Quiz	Progress Monitor

Week 8 Markets and Institutions	
Outcomes	<ul style="list-style-type: none"> • Explain the distinctions between primary and secondary financial markets and between the money and capital markets • Identify the different types of financial markets • Describe the factors that determine interest rates • Define term structure of interest rates
Readings	Chapter 8, Understanding Financial Markets and Institutions
Lectures	Chapter 8
Discussion	Managing a commercial bank
Quiz	Refer to your course

Grading and Evaluation

Your grades will reflect the way in which you present and support your topics and positions in the various learning activities used in this course. The grades will be based on the quality and quantity of your comments and responses in the various activities.

Be sure to review the discussion and assignment rubrics in the course for specific grading criteria.

The various graded activities are weighted as follows:

Course Element	% of Final Grade
Assignments	
Discussions	
Quizzes	
Interactive Learning Activities	
Total	100%

Students will be expected to meet all the deadlines of the class as indicated throughout the course and in the syllabus. This is primarily so we don't get behind in the course. In addition, discussions cannot overlap from one week to the next. This is to ensure that all discussions and submissions take place within the week they are scheduled in order to be of value to the entire class as well as to help you not get behind. If there are extenuating circumstances, you will need to communicate that to the instructor and make arrangements accordingly, if appropriate.

Late Assignments: Exceptions are to be determined by the instructor on a case-by-case basis. There will be no opportunities for extra credit.

Learner Success Guidelines

These guidelines are provided to help you succeed in your coursework:

- Participate in the class introduction activity on the first day of class.
- Submit ALL assignments by the posted due dates and times.
- Check your emails daily.
- Contact Portal Help for logon problems or Canvas Help for technical issues with Canvas.
- Participate fully in all threaded discussions.
- Contact your instructor if you have questions about an assignment or need additional help completing your work successfully. Academic dishonesty is grounds for dismissal from the program.

Academic Policies

The following Academic Policies can be found in the [Student Resource Center](#).

- Grading Criteria
- Reasonable Accommodations Policy
- Student Attendance Policy

- Academic Honesty and Integrity Policy
- Student Engagement and the Granting of Academic Credit
- Copyright Policy

Caveat

The above schedule, content, and procedures in this course are subject to change. All policies are superseded by the latest College Catalog available on our website:

<https://www.cambridgecollege.edu/student-rights-complaints-grievances/student-code-conduct>