

BUSINESS 351
Corporate Financial Management
Fall 2011

INSTRUCTOR: Archana Jain
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OFFICE HOURS: 09:30 am – 10:30 am Tuesday and Thursday

REQUIRED TEXTS: *Fundamentals of Corporate Finance*, by Ross, Westerfield and Jordan, ninth edition. Also recommended: The Student Problem Manual that accompanies the text.

REQUIRED: Financial calculator, TI BAII Plus.

REQUIRED: Daily reading of Wall Street Journal. (Students will be given the opportunity to order the WSJ during class.) Other readings will be made available as they are assigned.

COURSE OBJECTIVES:

By the end of the course, the student should:

1. Understand NPV as a basic concept of corporate finance and be proficient in solving all types of time value of money problems.
2. Appreciate the relevance of finance in our daily lives through exposure to contemporary financial issues by outside reading and selected videos; in addition, you should be familiar with web sources of financial markets such as www.morningstar.com, www.bloomberg.com; www.wsj.com; www.finance.yahoo.com; www.marketwatch.com; www.fool.com; www.finance.google.com
3. Have a sound grasp of underlying financial theories and the objectives and tradeoffs involved in corporate financial decision making.
4. Understand how today's financial manager uses spreadsheets and calculators to perform financial analysis and make capital budgeting decisions.
5. Be familiar with the key contributions of the Nobel laureates in financial economics, specifically Markowitz, Sharpe, and Miller and Modigliani.

COURSE STRUCTURE AND RESOURCES:

Actively participating in lectures, working homework problems, writing assignments using computer spreadsheets, and reading of contemporary issues in finance are activities that are expected of all students in this course. It has been found that students of finance learn better when they have plenty of opportunities for practice. There are many new concepts that will be introduced, all of which build on one another, and the student must stay current with the schedule in order to understand the lectures.

The course will be organized around the 351 Folder housed in:

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Please look in the folder entitled “Course Materials” before you come to class. It contains:

1. Lecture notes/ power-point slides for the chapter that we will work through in class
2. Any articles you have to read before class, and it contains
3. Other relevant materials, such as answers to suggested homework assigned for that chapter.

You may want to print out some of this material before class, especially the lecture notes, and bring it with you so that you may take notes.

Students are responsible for reading the assigned material and working the homework problems at the end of the chapter that relate to the readings. The Excel Tutor, the Student Problem Manual, and the Self-test CD are all supplements that support your study of this material. The student problem manual contains concepts for review, chapter highlights, problems, and tests along with answers in the back of the book. They are to help you master the material and provide more practice outside of class. You will not have assignments from these packets. The Student Problem Manual will be helpful as you review for tests.

GRADING:

The grading scale is as follows:

97-100	A+
93-96	A
90-92	A-
87-89	B+
83-86	B
80-82	B-
77-79	C+
73-76	C
70-72	C-
67-69	D+
63-66	D
60-62	D-
< 60	F

Grades will be based on the following:

1.	Section Test 1	20%
2.	Section Test 2	20%
3.	Section Test 3	20%
5.	Financial Analysis Project	20%
7.	Final Exam	20%
		<hr/>
		100%

Each student will take all three tests and complete his or her own financial analysis project. You may not drop any of your test scores. Students who earn a grade of A- or higher based on all three tests and the financial analysis project may elect not to take the final, and have their grade calculated on the basis of their work done to that point in the semester (i.e. each item weighs 25% of the final grade). If you earn the right of not taking final but you do so, then the final exam will not hurt your grade (i.e. if the final exam lowers your grade then I will disregard it). If you miss any of the tests for any invalid/unacceptable reason then your final exam will carry an additional weight of that missed test.

Bonus Opportunities:

During most classes there will be opportunities for students to earn additional grade points (up to 5% of the original possible points) through short quizzes or problems given in class. Since these are bonus opportunities, and grades do not count against the student, there are absolutely no make-ups on these, regardless of your reason for a class absence.

Homework Problems:

Students are encouraged to work on the back of chapter problems with another student or in groups. Although homework will not be collected, it is essential that you keep up with your homework. The end-of-chapter problems, the problems on the bonus opportunities, and the problems that the instructor works in class are indicative of the problems you will find on the tests. There is no substitute for working as many problems as possible. A copy of the answers to the homework for each chapter will be posted in my Public folder online.

Chapter Tests:

There will be three tests, each covering a major portion of material. The test dates are indicated in the course schedule. See the schedule on the last page of this syllabus. If, for some reason you cannot avoid missing an exam, or if an emergency arises, contact me as soon as possible. Those students with college-related activities may take the test earlier, but not later than other students.

If you miss a test (with a valid excuse) and cannot quickly make it up, I reserve the right to refuse a make-up and increase the weight of the comprehensive final accordingly.

You will need to bring your financial calculator to each of the chapter tests and the final examination. Please note that the ONLY materials you may bring into a test are writing instruments, erasers, and your financial calculator. Other calculators, cell phones, and any type of electronic device are prohibited. It is your responsibility to know how to use the financial calculator, meaning that I will not answer questions about calculator functions during a test.

These tests will consist of problems and essays, weighted approximately 50/50. Tests will cover the chapters in the textbook, the lectures on those chapters, and any outside material assigned in conjunction with the chapters, including any outside readings that have been assigned.

Attendance Policy:

If you are absent from class due to illness or other excusable reason, you must provide me an explanation of the absence. Always follow up with an e-mail explanation so I will have a record. Whenever possible, this explanation should be given prior to the absence so your work may be continued with minimal interruption. An absence for which an excuse is not given or not accepted is an unexcused absence. It is the responsibility of the student to determine what make-up work is to be submitted whether the absence is excused or unexcused. When excessive absences from class jeopardize your work in the course, the Asst. Dean of Academic Affairs Notice will be sent as a warning that further absences will result in at least a lowering of the final grade, and may lead to failure in or a suspension from the course. If you receive such a notice, I ask that you meet with me immediately so that there is a complete understanding of the implications of continued absences. You will not be permitted to make-up Bonus Opportunities, whether excused or unexcused.

Financial Analysis Project:

The financial analysis project is meant to provide you with practice in thinking critically; you will also work with computer spreadsheets and sharpen your writing skills. The financial analysis project consists of two phases: (1) ratios; and (2) narrative. You will receive points for each portion of the assignment: 50% of your grade for ratios, and 50% for the narrative.

Each student will turn in a spreadsheet that he or she programmed, and a final, written analysis of the firm's situation. You may submit the assignment by emailing it to me before midnight of the due date. You may delay the submission by one day for no more than 9/10 credit. You may delay the submission by two days for no more than 8/10 credit. Projects submitted after that will earn a grade of zero.

The spreadsheet portion of the assignment is intended to be a learning experience. The spreadsheet assignments are not group projects, because one can't learn to program spreadsheets

effectively unless one does the project individually. Each student is expected to attend at least one evening computer lab (date and time - TBA) to demonstrate to me that he is working on his own towards completing the spreadsheet analyses. In general, programming help is acceptable if it is limited to hearing a description of the features of Excel. Help is not acceptable if the result is that someone else makes changes in your spreadsheet or provides you with an already-worked spreadsheet because you don't know how to make the appropriate changes yourself. Copying all or part of another person's file into your spreadsheet, either electronically or keystroke by keystroke, is a violation of the Honor Code. Obtaining any help from any source on the analytical part of the case or the research part of the case is a violation of the Honor Code. Any student found in violation of the Honor Code on any test, assignment or exam, may at the instructor's discretion receive a 0 (zero) on the assignment or fail the course. All assignment are subject to the Honor Code unless specially mentioned otherwise.

I will offer two evening sessions to give extra help in the computer lab. Each student must attend at least one of these sessions to show that he is working independently to program his own spreadsheet. If needed, you are always encouraged to come to my office for help. If you have never programmed Excel spreadsheets, you will find the Excel tutorial included with your text helpful.

Details of the assignment will be provided in class at an appropriate stage.

COURSE SCHEDULE:

- We may deviate from this schedule in that we may not cover the topics on the dates shown.
- However, tests, exams, and deadlines for assignments will not be changed, so mark these in your calendars.
- Also note that there will be two computer labs after test 1, times to be announced well in advance, and that all students must attend at least one of these labs.
- Daily reading of the Wall Street Journal is required. Students are expected to prepare for class by reading the text ahead of time and to have worked through suggested homework

Tentative Schedule:

Date	Topic
Aug 25, R	Course Introduction and begin Chapter 1
Aug 30, T	Finish Chapter 1 and Chapter 2
Sep 1, R	Chapter 5: Introduction to Valuation: The Time Value of Money
Sep 6, T	Finish Chapter 5
Sep 8, R	Chapter 6: Discounted Cash Flow Valuation
Sep 13, T	Finish Chapter 6
<i>Sep 15, R*</i>	Chapter 3: Working with Financial Statements, Start preparing for Phase I Conference Sep 15th to Sep 19th - Make up class on Sep 14th?
Sep 20, T	Finish Chapter 3
Sep 22, R	Cover up, Review
Sep 27, T	Test 1
Sep 29, R	Chapter 7: Interest Rates and Bond Valuation
Oct 4, T	Finish Chapter 7
Oct 6, R	Chapter 8: Stock Valuation
Oct 11, T	Finish Chapter 8, Phase 1 of the project due by midnight
Oct 13, R	Chapter 9: Net Present Value and Other Investment Criteria
Oct 18, T	Fall Break
<i>Oct 20, R*</i>	Finish Chapter 9 Conference Oct 18th to Oct 22nd, Make up class on 26th?
Oct 25, T	Chapter 10: Making Capital Investment Decisions
Oct 27, R	Finish Chapter 10 and Review
Nov 1, T	Test 2
Nov 3, R	Chapter 12: Some Lessons from Capital Market History
Nov 8, T	Finish Chapter 12
Nov 19, R	Chapter 13: Return, Risk, and the Security Market Line
Nov 15, T	Finish Chapter 13
<i>Nov 17, R*</i>	Chapter 14: Cost of Capital Conference Nov 16th to Nov 19th, Make up class on Nov 14th?
Nov 22, T	Finish Chapter 14
Nov 27, R	Thanksgiving Break
Nov 29, T	Chapter 16: Financial Leverage and Capital Structure Policy, Phase 2 of the project due by midnight
Dec 1, R	Cover up, Review
Dec 6, T	Test 3
Dec 9, F	Final Exam - 8:30 AM

*For these dates I will not be able to take classes because I have to attend some finance conferences. We will discuss about the alternative dates on the first day of the class.

Advice from a previous semester's students when asked "Is there anything that you did that particularly helped you perform well in this course? Is there anything you wish you had done that in retrospect would have helped you? These are all inclusive and unedited.

1. Do all of the homework and stay caught up on the readings.
2. Read chapters. Do problems.
3. Go to class and do homework problems. Practice is good.
4. Do all your homework when it is assigned to you.
5. Do not skip class and read the chapters the night before the test.
6. Read (comprehend!) the book. What worked best for me was to outline the important concepts and equations from the book before class, which helps –bringing me to the next point. Studying bonus opportunities and handouts was THE most effective way to prepare for tests.
7. Keep on top of the theory and essay material type aspects instead of purely concentrating on the math so much. Both are equally important and both must be done.
8. Work back over problems within a couple of days of learning how to do them – make sure you really understand on your own and not just when the professor goes over them.
9. Keep up with reading – saves a lot of time when studying for essays on tests.
10. Working out problems outside of class is very helpful because it is the only way you can truly know if you understand the material.
11. Ask questions if you don't understand because IT WILL come up again in later chapters.
12. Know how to use the calculator!
13. Reading, outlining the chapters, and working problems in the back of the chapter were helpful. I would recommend copying the answers from the solution book and working at least some of the problems at the end of every chapter.
14. It would have helped me if I read and worked problems as we went along more. Especially in doing well on the bonus opportunities. I would study more for the quizzes if I had to do it over again.