

BUSI 408: Corporate Finance Summer II 2013

Instructor: William Waller
Email: william_waller@unc.edu
Office: McColl 5251
Office Hours: Monday through Thursday from 1:30 to 2:30pm and by appointment

Meeting Time and Place:

This course meets Monday through Friday from 8:00 to 9:30am in McColl 3600.

Course Description:

The objective of this course is to teach students how to apply modern financial theory to the investment and financing decisions of a corporation by providing them with the fundamental analytical tools of corporate finance.

Specifically, we will discuss:

1. The time value of money
2. Valuation of stocks and bonds
3. Capital budgeting decisions
4. Evaluation of projects based on net present value and other investment rules
5. The risk-return trade-off
6. The capital asset pricing model
7. Cost of capital
8. Capital structure

Text: *Fundamentals of Corporate Finance*, 10th Edition, Standard

Author(s): Ross, Westerfield, and Jordan; **ISBN:** 978-0078034639

Grading:

Midterm Exam	30%
Final Exam	40%
Assignments	20%
Class Participation	10%

Course Policies:

- **General**

- Computers and other electronic devices are not to be used unless instructed to do so.
- One exception is a non-programmable calculator (such as the Texas Instruments BA II Plus Financial Calculator), which may be used to follow along with calculations performed in class and on exams. The minimum requirements for this calculator are the following five functions: +, −, ×, ÷, and \wedge (power, y^x).

- **Exams**

- Exams are closed book and closed notes. You may use a non-programmable calculator on the exams.
- The final exam will be given on Friday, July 26, from 8:00 to 11:00am in McColl 3600.
- **No makeup quizzes or exams will be given.**

- **Assignments**

- Students are expected to work independently. **Offering** and **accepting** solutions from others is an act of **plagiarism**, which is a serious offense and **all involved parties will be penalized according to the Honor Code**. Discussion amongst students is encouraged, but when in doubt, direct your questions to the professor.
- **No late assignments will be accepted under any circumstances.**

- **Attendance and Class Participation**

- Attendance is expected, and your participation is an integral part of your grade. Class participation includes answering questions posed in class, taking an active role in class discussions, and working problems on the board.
- Students are responsible for all missed work, regardless of the reason for absence. It is also the absentee's responsibility to get all missing notes or materials.

Academic Integrity:

Integrity is one of UNC Kenan-Flagler Business Schools core values. According to our statement of core values “we hold ourselves to the highest ethical standards.” Violations of the honor code are totally inconsistent with this core value and are simply unacceptable in any form. Any violation of the honor code will result in an *F* in the course, regardless of any other grades received for the module.

In this class, an honor code violation would occur if you gave or received help on the individual assignments. An honor code violation would also occur if any assignment contained plagiarism. According to the university honor code, plagiarism is defined as the intentional representation of another persons words, thoughts, or ideas as ones own. To avoid plagiarism, make sure you put in quotes and reference any direct copying of another individuals work. If any part of this honor code statement is not clear, ask me for a clarification.

Tentative Course Schedule:

20 June 2013	Course Overview Ch. 1 – Introduction to Corporate Finance
21 June 2013	Ch. 2 – Financial Statements, Taxes, and Cash Flow Ch. 3 – Working with Financial Statements
24 June 2013	Ch. 5 – Introduction to Valuation: The Time Value of Money Ch. 6 – Discounted Cash Flow Valuation <i>HW1 Posted</i>
25 June 2013	Ch. 5 – Introduction to Valuation: The Time Value of Money Ch. 6 – Discounted Cash Flow Valuation
26 June 2013	Ch. 7 – Interest Rates and Bond Valuation <i>HW2 Posted</i>
27 June 2013	Ch. 7 – Interest Rates and Bond Valuation
28 June 2013	HW1 Due Ch. 8 – Stock Valuation
01 July 2013	Ch. 8 – Stock Valuation
02 July 2013	HW2 Due Midterm Exam Review
03 July 2013	Midterm Exam
04 July 2013	Holiday – No Classes
05 July 2013	Ch. 9 – Net Present Value and Other Investment Criteria
08 July 2013	Ch. 9 – Net Present Value and Other Investment Criteria <i>HW3 Posted</i>
09 July 2013	Ch. 10 – Making Capital Investment Decisions Ch. 11 – Project Analysis and Evaluation
10 July 2013	Ch. 10 – Making Capital Investment Decisions Ch. 11 – Project Analysis and Evaluation
11 July 2013	Ch. 12 – Some Lessons from Capital Market History Ch. 13 – Return, Risk, and the Security Market Line
12 July 2013	HW3 Due Ch. 12 – Some Lessons from Capital Market History Ch. 13 – Return, Risk, and the Security Market Line
15 July 2013	Ch. 14 – Cost of Capital <i>HW4 Posted</i>
16 July 2013	Ch. 14 – Cost of Capital

Tentative Course Schedule (cont.):

17 July 2013	Ch. 15 – Raising Capital Ch. 16 – Financial Leverage and Capital Structure Policy Ch. 17 – Dividends and Payout Policy
18 July 2013	Ch. 15 – Raising Capital Ch. 16 – Financial Leverage and Capital Structure Policy Ch. 17 – Dividends and Payout Policy
19 July 2013	HW4 Due Additional Topics in Finance
22 July 2013	Course Evaluations – Bring Your Laptop Additional Topics in Finance
23 July 2013	Final Exam Review
26 July 2013	Final Exam