

Corporate Financial Theory MBA 680 Course Syllabus

Course Description

Corporate finance is central to the operation of every organization. This course explores the theoretical aspects of corporate finance. The end goal is to provide students with the tools necessary to conduct accurate financial analysis. For students pursuing a career in finance, the topics provide the foundation for an immersion in the science of finance. Students pursuing non-finance careers will receive a complete coverage of finance issues encountered by all senior managers.

Detailed coverage of corporate finance issues is addressed in this course. Topics such as cost of capital, value of the firm, derivative securities, efficient capital markets, capital structure and others are covered in the context of value maximization.

Strong mathematical skills and extensive use of computer based tools are required. Prerequisite foundation courses are integrated throughout the course and students are assumed to have a working knowledge of financial accounting, economics and statistics.

Course Objectives

At completion of the course, students will be able to:

- ⇒ Use financial theory and its associated tools to analyze financial scenarios.
- ⇒ Make capital budgeting decisions based on theoretical principles.
- ⇒ Determine capital structures and other financial policies using CAPM and other tools.
- ⇒ Understand and apply risk, return, opportunity cost, and cost of capital concepts.
- ⇒ Identify the key principles of securities markets, futures & options and understand how each works.
- ⇒ Apply financial analysis concepts to mergers & acquisitions and international finance.

Instructor

Dr. Matthew W. Will

Email – mwill@uindy.edu (when sending email...start subject with...**MBA680**)

Phone: 788-3370 Office: Esch Hall 52

Web: www.mattwill.com (see course web page for supplemental information)

Assignments, homework policy, lecture slides, and actual lectures are available online. A link to textbook web site is provided. Students are encouraged to visit the web on a regular basis.

Office Hours

Mon 11:00 am – 12:00 am

Tue 8:00 am – 9:00 am

Fri 3:30 pm – 4:30 pm

By appointment

Student Handbook

All students are required to have a complete understanding of the student handbook, especially as it related to student rights and responsibilities. It is up to the student to understand the this document.

Academic Dishonesty and Plagiarism

You must not adopt or reproduce ideas, words, or statements of another person without giving an appropriate acknowledgement to the source. You must give due credit to the originality of others and acknowledge an indebtedness wherever you:

- Quotes another person's actual words, either oral or written;
- Paraphrases another person's words, either oral or written;
- Uses another person's ideas, opinions, or theories; or
- Cites facts, statistics, or other illustrative material, unless the information is common knowledge.

All assignments must be your original work and not the work of other students. Neither group work nor the individual work of another student may be submitted by you. Submission of such work will be considered academic misconduct. Incidents of academic misconduct, dishonesty and/or plagiarism will be handled as per the Student Handbook.

Class Attendance, Preparation & Participation

Class attendance is an important part of the academic process, and you are expected to attend classes regularly and to manage your schedule in order to meet the demands of this course. If you are absent, you will be responsible for arranging makeup work to be completed prior to the absence or immediately upon return to class at the instructor's discretion. As per the student handbook, reasonable documentation or verification of claims regarding absences may be requested.

Class preparation is critical to success in this course. You are expected to:

- (a) read the assigned material prior to arriving to class, as well as
- (b) review the solved problem illustrations in the chapter and
- (c) prepare a list of questions that you have about the topic.
- (d) participate in class discussions

Please note that the course topics build upon prerequisite knowledge of fundamental business concepts, algebra and basic spreadsheet skills. If you feel you may be deficient in any of these areas, you are encouraged to review them and/or seek tutoring outside of class.

Required Materials

Principles of Corporate Finance by Brealey, Myers and Allen, 9th ed., New York: McGraw Hill, Inc. 2008.

Email Account - (send Email to instructor BEFORE 2nd class)

Financial Calculator - (recommend HP12C)

Access to Personal Computer and Spreadsheet program

Turnitin.com account – All homework assignments are listed on the turnit.com website. Unless otherwise noted, all homework must be submitted via www.turnitin.com. Access information is contained on my website. Homework grades are based on completion, thoroughness and adherence to instructions.

FinCoach by Puneet Handa: Link to FREE version 1.0 available at Professor Will's website.

Course Requirements

35% Mid Term
35% Final
15% M&A Case Analysis
15% Homework Problems

Grading

A 90-100%
B 80-89%
C 70-79%
F 0-69%

Pluses and minuses are assigned at the instructor's discretion.

Tentative Schedule (subject to change at the instructor's discretion)

| Dates | Topic | Reading | Assignment |
|---------------|--|----------------|-------------|
| 25-Aug | NPV, IRR, Annuities, NPV Applications | 3, 5, 6, (7.3) | HW #1 |
| 1-Sep | Risk, Return, Cost of Capital, and CAPM | 8, 9 | HW #2 |
| 8-Sep | Capital Budgeting & Project Analysis | 10, 11 | HW #3 |
| 15-Sep | Financial Distress and Agency Theory | 12, 13 | HW #4 |
| 22-Sep | Capital Markets and Market Efficiency | 14, 15, 16 | HW #5 |
| 29-Sep | Payout Policy and Debt Policy | 17, 18 | HW #6 |
| 6-Oct | Catch Up / Review for Midterm | | |
| 13-Oct | MIDTERM EXAM | | |
| 20-Oct | Capital Structure & Firm Value | 19, 20 | HW #7 |
| 27-Oct | Debt | 4, 24, 25 | HW #8 |
| 3-Nov | Mergers & Acquisitions | 32 | M&A Project |
| 10-Nov | Options | 21, 22, 23 | HW # 9 |
| 17-Nov | Futures Contracts and Hedging | 27 | HW #10 |
| 24-Nov | NO CLASS | | |
| 1-Dec | International Finance / Review for Final | 28, 34 | |
| 8-Dec | FINAL EXAM | | |

Topic lectures are available online at <http://students.uindy.edu/~mwill/mba680.htm> . These are not substitutes for class lectures, but merely correspond with the material covered in the book. Material presented in class will vary from the topics covered in the assigned chapters.