



## FIN 330 / BFIN 3321 Corporate Finance

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**Instructor:** Marcia Huntington-Sell MS

**Office Hours:** by appointment

### Course Description

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This course is an in-depth examination of corporate finance and capital budgeting. Capital budgeting is the process of developing a firm's investment policy by selecting among alternative opportunities. Thus, one purpose of this course is to provide students with tools and to familiarize them with concepts that can be used to analyze investment decisions within a firm. A second goal is the examination of issues related to capital structure, the mix of debt and equity used to finance the firm's investments.

### Course Objectives

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When students leave the Corporate Finance course, they should be able to:

- Measure risk associated with an investment.
- Define covariance and correlation coefficient
- Use the capital asset pricing model to determine a stock's required rate of return
- Compute a beta
- Estimate a market risk premium
- Solve an unequal life capital budgeting decision problem
- Select investment projects under capital rationing constraint
- Project cash flows
- Determine a firm's optimal capital structure
- Describe the residual dividend model
- Compute a dividend payout ratio
- Employ the market multiples method to determine the value of a firm
- Use the adjusted present value method to estimate the value of a firm
- Solve a capital budgeting problem involving foreign exchange rates

### Class Schedule and Sequence of Instruction

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Lecture	Date	Content
1		Course Introduction. Review of Present Value, Chapter 4
2		More Present Value. Bond Valuation & Stock Valuation - Chapters 8 & 9
3		Capital Budgeting: Decision Criteria - Chapter 5
4		Capital Budgeting Estimating Cash Flows - Chapter 6
5		Estimating Cash Flows Continued
6		MIDTERM #1
7		Scenario Analysis and Monte Carlo Simulation - Chapter 7 Case Study #1

8	Risk and Return - Chapter 10
9	Capital Asset Pricing Model & Weighted Average Cost of Capital Chapters 11 & 13
10	Capital Structure Decisions - Chapter 15 & 16 Case Study #2
11	MIDTERM #2
12	Capital Structure Decisions Chapter 17
13	Valuation of Leveraged Firms - Chapter 18
14	Dividends and Share Buybacks - Chapter 19
15	Review
16	Final Exam

### Required Textbooks and Materials

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Selected Chapters (free online text) of: Corporate Finance, by Ivo Welch, 2<sup>nd</sup> edition  
<http://book.ivo-welch.info/ed2/>

### Grading

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#### Grading Scale (Based on points)

Grade	Descriptive Grade	Numeric Grade	Grade Points
A	Excellent Scholarship	93-100	4.00
A-	Excellent Scholarship	90-92	3.70
B+	Good Scholarship	87-89	3.30
B	Good Scholarship	83-86	3.00
B-	Good Scholarship	80-82	2.70
C+	Satisfactory Scholarship	77-79	2.30
C	Satisfactory Scholarship	70-76	2.00
D+	Poor Scholarship	67-69	1.30
D	Poor Scholarship	63-66	1.00
D-	Poor Scholarship	60-62	0.07
F	Failure	Less than 60	0.00

### Exams

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Your course grade will be determined by:

Exam I	20%
Exam II	20%
Final	40%
Class Participation	10%
Project/Assignments	10%



## Project / Case study

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The project/case study:

In the project you will assume the role of consultant and apply the ideas from the class to a real world business decision. You will be given details about a financial decision problem that a company faces. You will have a chance to ask whatever questions you think will aid in your analysis and ultimately provide high quality advice.

You will produce two deliverables: a presentation and a report. You will present your results to the client (the company's representative or me) on either the last or the second to last day of class. In addition to presenting your findings, you should bring a printout of any slides you use. Your presentation will be evaluated based on clarity, content and professionalism. In addition, you should provide a written report to your client. This report should include an executive summary highlighting your recommendations as well as more detailed supporting information.

## Other Regulations and Policies

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### Attendance and Participation

Attendance and active classroom participation are required of each student. Tests will cover for all course material provided through lectures and presentations, readings, discussions, cases, and videos during class. **Absences and/or a lack of participation in discussions will impact negatively on the final grade.** Each student is responsible for all material covered and/or assigned and any announcements made in any class session, whether student is present or not. Group activities require all students to participate and contribute to group discussions and projects.

**Students are expected to come to class on time and to have read assigned material before class.** There may be an occasional pop quiz to verify whether students have read the assignments before class.

**All work must be turned in on time.** Late work may be accepted but points will be taken off if work is not turned in to instructor when it is due. At all times, in class and group discussions, students are expected to respect contributions, questions, and opinions of other people. Demeaning others in any way is not acceptable.

### Scholastic Dishonesty

You are expected to do your own academic work and cite sources as necessary. Failing to do so is scholastic dishonesty. Scholastic dishonesty means plagiarizing; cheating on assignments or examinations; engaging in unauthorized collaboration on academic work; taking, acquiring, or using test materials without faculty permission; submitting false or incomplete records of academic achievement; acting alone or in cooperation with another to falsify records or to obtain dishonestly grades, honors, awards, or professional endorsement; altering, forging, or misusing a university academic record; or fabricating or falsifying data, research procedures, or data analysis.

If it is determined that a student has cheated, he or she may be given an "F" for the course, and may face additional sanctions from the Study Center.