

Syllabus for BUSI 408-001: Introduction to Corporate Finance

Summer I 2021

Instructor: Chuyi Sun
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Office Hours: Thursday after class or by appointment
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Class Times: Mon/Tue/Wed/Thu/Fri 8:00am-9:30am; McColl 3250

PREREQUISITES:

ECON 101 and one of BUSI 101, 102, or 107.

COURSE DESCRIPTION

The course is segmented into modules that highlight the primary decision making areas faced by a senior financial officer. An integral part of the course is the integration and application of frameworks developed in your prerequisite business courses, as well as others in your Core curriculum. The major topics are as follows:

1. Assessing, planning and managing financial performance.
2. Understanding financial markets, securities and options for raising capital and determining and optimal capital structure.
3. Minimizing the cost of capital and setting financial goals and targets.
4. Valuation of long-term investments and businesses

The ultimate goal is to understand how firms behave and make decision to maximize the value for their shareholders. Every effort will be made to relate the course material to current financial news and real-world data. This course will be valuable for those of you who want to pursue a career in corporate management, consulting, investment banking, and academic finance.

TEXTBOOK

For this course you will be required to purchase McGraw-Hill Education Connect® access for *Corporate Finance by Ross, Westerfield, Jaffe and Jordan, 12th edition, McGraw-Hill* (This is the same textbook used in BUSI 409 if you choose to take that course in the future as well). **Connect has an e-book and your homework.** You are not required to have a print text and please be aware if you purchase a used textbook you will still need to purchase Connect access.

Connect access can be purchased during registration for the program online, or Connect codes are available in the bookstore. If you would like a print version of the text to accompany the Connect program, a print-upgrade option is available via Connect. This will be a full color binder-ready version of the text and can be purchased from the Connect homepage once you've registered (possibly cheaper than buying the book at the bookstore).

The URL below will take you to the registration page for the course on Connect:

<https://connect.mheducation.com/class/c-sun-summer-session-i-2021>

Additional Readings (Highly Recommended)

- *Wall Street Journal*. Student Subscription, \$4/Month: www.wsj.com/studentoffer

- Regular reading of *WSJ*, *Financial Times*, *Fortune*, and *The Economist* will be necessary to get the full benefit of the class. Classroom time will be allocated for open discussion on how the course material applies to current world-wide events.

BUSI408 TOPICS & SCHEDULE

| Week | Class | Day | Date | Textbook Chapter | Topic | HW |
|------|------------|-----|--------|------------------|-----------------------------|----|
| 1 | 1 | Wed | 19-May | 1 | Introduction | |
| | 2 | Thu | 20-May | 4 | Time value of money | 1 |
| | 3 | Fri | 21-May | 4 | Discounted cash flow | 2 |
| 2 | 4 | Mon | 24-May | 4 | Discounted cash flow | 3 |
| | 5 | Tue | 25-May | 5 | Net present value | |
| | 6 | Wed | 26-May | 5 | Net present value | 4 |
| | 7 | Thu | 27-May | 6 | Investment decisions | 5 |
| | 8 | Fri | 28-May | 8 | Bond valuation | 6 |
| 3 | | Mon | 31-May | | No class: Memorial Day | |
| | 9 | Tue | 1-Jun | 8 | Bond valuation | 7 |
| | 10 | Wed | 2-Jun | 9 | Stock valuation | 8 |
| | 11 | Thu | 3-Jun | | Review | |
| | 12 | Fri | 4-Jun | | Midterm | |
| 4 | 13 | Mon | 7-Jun | 10 | Financial market | 9 |
| | 14 | Tue | 8-Jun | 11 | Risk and return | |
| | 15 | Wed | 9-Jun | 11 | Risk and return | 10 |
| | 16 | Thu | 10-Jun | 13 | Cost of capital | |
| | 17 | Fri | 11-Jun | 13 | Cost of capital | 11 |
| 5 | 18 | Mon | 14-Jun | 14 | Capital market efficiency | 12 |
| | 19 | Tue | 15-Jun | 16 | Capital structure | |
| | 20 | Wed | 16-Jun | 16 | Capital structure | 13 |
| | 21 | Thu | 17-Jun | 17 | Capital structure | 14 |
| | 22 | Fri | 18-Jun | 19 | Dividends and payouts | 15 |
| 6 | 23 | Mon | 21-Jun | | Review & Course Evaluation | |
| | | Tue | 22-Jun | | No class: Exam study period | |
| | | Wed | 23-Jun | | No class: Exam study period | |
| | Final Exam | Thu | 24-Jun | | Time: 8a-11a (Rm 3250) | |

GRADING

| | | |
|---------------|-----|------------------------------------------------|
| Participation | 10% | |
| Homework | 20% | Almost daily assignments, drop 3 lowest scores |
| Mid-Term Exam | 30% | Friday June 4 (in class, Room 3250) |
| Final Exam | 40% | Thursday June 24, 8am-11am (Room 3250) |

LETTER GRADE POLICY AND REPORTING

Letter grades are assigned on an **absolute basis**. However, I reserve the right to adjust the numerical class average.

ATTENDANCE & PARTICIPATION

I expect all students to be present and prepared for each class. However, if you are unable to attend class (e.g., illness, family crisis), I expect you to inform me (via e-mail) prior to the beginning of the section you intend to miss. I will consider a maximum of **2 justified** absences. Absences, particularly absences without notification, or unjustified absences, will have a negative impact on your participation grade.

I will cold-call. Incorrect responses to cold-call questions will not be penalized. Not attempting to answer or think through cold-call questions, however, will negatively affect your participation grade.

HOMEWORK

There will be 15 homework assignments assigned through Canvas and Connect online. These problems are to be done individually. Homeworks will be due at the start of next class (e.g. Homeworks assigned on Monday will be due by 8am on Tuesday; homeworks assigned on Friday will be due by 8am the next Monday). The purpose of these homeworks is to ensure you are keeping up with the course content. They should not take too long to complete if you are actively engaged in the class and are reading the relevant chapters of the textbook. No late assignments will be accepted, and no “make-ups” will be given.

You will be given two attempts at each homework. At the end of your first attempt you will see your score and the questions you answered correctly and incorrectly. After your second attempt you will receive your total score. Detailed feedback and solutions will become available one hour after the homework is due (a great study resource). In addition, I’ll spend some portion of lecture going over problems – typically those from the homework that are confusing, but also some others. Please let me know during lecture about problems or concepts that are difficult to grasp. At the end of the course, I will drop your 3 lowest homework scores.

Reading relevant chapters of your textbook will also help you better understand the concepts we cover in class. To facilitate your reading, I will assign **optional** Smartbook reading practice via Connect for each chapter. These exercises won’t be graded or counted in your homework grades.

FINANCIAL CALCULATORS

You are **REQUIRED** to purchase a financial calculator for this course. Currently approved models are: TI BA2, HP 12C, HP 10B. These can be bought new for \$35-70 at various store and online retailers; and bought used for quite a bit less. These are highly valuable for efficient solving of financial problems we’ll do in this class, as well as other classes you may take. It will have significant usefulness in your personal finance efforts beyond UNC as well. We’ll discuss functions and use it to solve problems in class. I will personally be using a TI BA2 in class.

EXAM INFO

There will be two (2) exams in this course, a **Midterm** and a **Final**. Together, these exams comprise the majority of your course grade. See schedule for the exact dates and times. Please note, only in **EXTREME** emergencies do I *consider* make-up exams, and it will be at my discretion as to whether or not to grant one. You are expected to be at the exams as scheduled.

BUSI408 POLICIES

1. Class participants will follow and adhere to the UNC Honor Code, part of the Core Values of KFBS
2. Laptops and tablets are only permitted for note-taking and in-class Excel exercises. This is a privilege that will be revoked if screens become distracting to the class.
3. Absolutely NO cell phones (turn off).

4. Your behavior should respect your classmates desire to learn. Each lecture begins exactly on time. Coming late is disruptive no matter how quiet you are. Do not engage in side conversations during the lecture. Repeated occurrence of such disruptions will be reflected in the final grade.
5. Due dates and times for assignments are **FINAL**. There are no “grace” periods. Plan accordingly.
6. Make-up exams will only be given for family or medical emergencies. Prior notice and hard evidence is required.
7. **REQUIRED: financial calculator.** For exams, the only approved calculators are: HP 10B, 12C, or TI BAI. You WILL NOT be able to use graphing/programmable calculators (TI-83, etc).
8. Bring your calculator to every class session. It will be useful when we do *live* exercises.
9. I will try to stick to the course outline schedule, however adjustments may be made.
10. Exams are closed-book and closed-notes unless otherwise instructed. Approved calculators (not cell phone ones) are allowed and required. A “cheat-sheet” is allowed. Cheat-sheets must be *one-sided and hand-written* on an 8.5 inch by 11 inch sheet of paper.

HONOR CODE

Integrity is one of UNC Kenan-Flagler Business Schools core values and “we hold ourselves to the highest ethical standards.” Violations of the honor code will result in an F in the course, regardless of the grades received on the course work.