

## **Corporate Financial Theory**

### **XMBA 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

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Course Web: [www.mattwill.com](http://www.mattwill.com) Twitter: [@DrMattWill](https://twitter.com/DrMattWill)

*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 pm

Tue 4:30 pm – 5:30 pm

Wed 11:00 am – 12:00 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, 11<sup>th</sup> ed., New York: McGraw Hill, Inc. 2014. (E-Book is available for purchase with *Homework CONNECT* at lower price)

Homework CONNECT Account (MUST SIGN UP FIRST WEEK)

*Homework CONNECT* links can be found on the course web site

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

Financial Calculator - HP12c

Access to Personal Computer and Spreadsheet program

FinCoach by Puneet Handa: Link to FREE version 1.0 available at Dr. Will's website.  
(only works on 32 bit machines)

## Course Requirements

35% Mid Term  
35% Final  
15% M&A Case Analysis  
15% Assignments

## Grading

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

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

## MBA 680 - Fall 2013

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

Dates	Topic	Reading	Assignment	Slide Set
24-Aug	Introduction, PV, NPV, IRR, Annuities	1, 2, 5	HW #1	#1
<b>31-Aug</b>	<b>NO CLASS</b>			
7-Sep	Valuation Models & Investment Decisions	4, 6		#1
14-Sep	Risk, Return, Cost of Capital, and CAPM	7, 8	HW #2	#2
21-Sep	Capital Budgeting & Project Analysis	9, 10	HW #3	#3
28-Sep	Financial Distress and Agency Theory	11, 12	HW #4	#4
5-Oct	Capital Markets and Market Efficiency	13, 14, 15	HW #5	#5
12-Oct	Payout Policy and Debt Policy	16, 17	HW #6	#6
<b>19-Oct</b>	<b>MIDTERM EXAM</b>			
26-Oct	Capital Structure & Firm Value	18, 19	HW #7	#7
2-Nov	Debt	3, 23, 24	HW #8	#8
9-Nov	Mergers & Acquisitions	31, 32	M&A Project	#9
16-Nov	Options	20, 21, 22	HW # 9	# 10
23-Nov	Futures Contracts and Hedging	26	HW #10	#11
<b>30-Nov</b>	<b>NO CLASS</b>			
7-Dec	International Finance / Review for Final	27		#12
<b>14-Dec</b>	<b>FINAL EXAM</b>			