

DOMINICAN UNIVERSITY
Brennan School of Business
FIN301-01 – Corporate Finance
Fall 2017

Instructor	Wenlian Gao
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Canvas	http://canvas.dom.edu
Office Hours	TR 12:00-12:50pm, R 2:30-3:20pm, & by appointment
Prerequisites	ACCT 101 and QUAN 201

Textbooks & Supplements

1. Required Text: **Fundamentals of Financial Management, by Brigham and Houston, Concise 9th edition**, ISBN-13: 978-1-305-63593-7.
2. It is expected that all students will bring a financial calculator such as BAII Plus to the class.

Course Description

This is an introductory course in Finance and serves as a prerequisite for most of the advanced courses in Finance. This class covers core concepts and basic tools in finance including time value of money, compounding, discounting, different types of cash flow (lump sum, ordinary, ordinary due, and amortization); different types of corporate organizations and the advantages and disadvantages of each type; different types of financial instruments (e.g. bonds, stocks, and loans) and how to analyze their value, their risk, and the return on your investment from both a stand-alone and a portfolio perspective; how to analyze business decisions from a financial point of view.

Learning Objectives

This is a survey course, we will cover a wide range of material. We will begin with a general overview and then go into more detail on several concepts including financial instruments and techniques used in financial decision making. The major objective of the course is to introduce you to the world of finance. Anyone involved with the management of a business needs to have at least some minimal knowledge of business finance. Specifically, upon successful completion of this course, you should be able to:

1. Demonstrate the ability to analyze the financial health of a firm using financial statement analysis, as well as the ability to forecast a firm's pro forma financial statements and value metrics and determine if the firm's strategic plan will require new capital to be raised.

2. Demonstrate an understanding of the financial concept of “value” and how it is measured.
3. Demonstrate an understanding of the concept of the time value of money and the concepts of present value and future value.
4. Demonstrate an understanding of the relationship between perceived risk and required return, and how that relationship is affected by uncertainty.
5. Demonstrate an ability to apply basic models for valuing stock, bonds, and corporate projects.
6. Demonstrate an understanding of how to measure the costs associated with financing the firm’s investments and how those costs affect the value of the firm’s assets.

Requirements

There will be three exams in the whole semester. The exam schedule is as follows:

Exams	2x25%=50%
Online quizzes	15%
Homework/In-class assignment	15%
Projects	15%
<u>Attendance & Participation</u>	<u>5%</u>
Total	100%

Exams: Exams will consist of multiple choice, short answers, and problems. Each exam includes two parts, in-class (15%) and take-home (10%).

For the in-class part, you may bring a single-sided, half-page (8.5x11 inch) sheet with formulas. The sheet must be your own work (typed or hand written). Cell phones must be turned off and put away during examinations and may not be used as a calculator. Absolutely no text messaging or wireless email is allowed during examinations. Those leaving the examination room for any reason may not use cell phones and other wireless devices or discuss the exam with anyone while the exam is still under way. For the take-home part, students may not consult with each other or solicit help from anyone.

No substitute exams will be administered without prior notification and instructor consent. You must have a valid excuse to miss any of the exams and to take a makeup exam. If you do not have a valid excuse for missing an exam, it will count as a zero. In order to be excused from an exam, the student must contact me before the exam. In most cases, I will require students to provide me with additional documentation to justify why the student is unable to take the exam. Please note that a simple note indicating that you were seen at the health center the day of the exam does not, in and of itself, provide sufficient documentation. Excuses will be granted if the student is unable to take the exam because of serious illness or injury, or a significant personal or professional commitment.

Online Quizzes: Online quizzes will be conducted through Canvas to test key concepts presented in class. They will generally include consist of concept questions in the form of true/false and multiple choice questions. You need to read the referenced chapters/assigned articles or watch videos to answer the questions. You are allowed to have two attempts for each question on the quiz. All the quizzes are due at 11:59pm of the following Sunday.

Homework Assignments: Homework/in-class review problems will be assigned throughout the semester. It may be collected and graded at the discretion of the instructor. If you work with others on homework, your completion of the assignments must be yours alone. That is, each homework assignment must be, and must appear to be, the work of a single individual. Homework assignments and projects should be submitted in a clear and legible manner (typed where appropriate). Some, not all of the HW will be reviewed in class.

All homework assignments and projects are due at the beginning of the designated class. E-mailed homework will not be accepted. If you need to miss a class, HW should be turned in early or sent with another student from the class. Late homework will be accepted but you will automatically receive a 50% reduction in your grade if it is late.

Projects: Projects provide a way of practicing your business thinking skills, your oral presentation skills and your writing skills. There will be three projects. These are team work. Each team consists of 2 students. You are allowed to select your own group members. You must form your group and inform me by the end of class on Tuesday, September 5th, 2017. Team member will get the same grade.

The first two projects are case problems. Each team should submit one copy of your project.

For the third project, you may choose to do a 5-10 minute in class presentation on current financial-management related issue or news based on your own interest. It can be a summary of stock market performance over the last week, a significant event in an industry firm, or any financial news as reported in periodicals such as The Wall Street Journal, Yahoo Finance, The Financial Times, etc. If you choose to do a presentation, then you do not have to submit any paper. Alternatively, if you choose not to do a presentation, you need to write a short essay (4-5 page long) discussing a current financial-management related issue.

All papers should be typed (single spaced paragraphs and double-spaced between paragraphs, 12 pt Times Roman font, 1 inch margins).

Attendance & Participation: I will check class attendance randomly. Students are expected to attend class and demonstrate problems at the board, and participate in discussions. Failure to attend regularly will impact your ability to learn key material.

Grades: Final letter grades will be determined by the following grading-scale table. The instructor reserves the right to adjust the scale depending on overall class performance. Make-up or extra work to improve your grade is not allowed. The final grade in this course, once assigned, will not be changed, except in the event of a grading error.

Final Course Letter Grade	Final Course Grade
A	$\geq 94\%$
A-	$\geq 90\%$ but $< 94\%$
B+	$\geq 87\%$ but $< 90\%$
B	$\geq 83\%$ but $< 87\%$
B-	$\geq 80\%$ but $< 83\%$
C+	$\geq 77\%$ but $< 80\%$
C	$\geq 73\%$ but $< 77\%$
C-	$\geq 70\%$ but $< 73\%$
D	$\geq 60\%$ but $< 70\%$
F	$< 60\%$

Academic Integrity

We, the scholars of Dominican University, recognize the importance of personal integrity in all aspects of life and work. We commit ourselves to truthfulness, honor, and responsibility by which we earn the respect of others. We support the development of good character in our academic community, and commit to uphold the highest standards of academic integrity as an important aspect of personal integrity. All University policies are in effect as described in the Academic Dishonesty/Misconduct section of the current catalog. All your work must be your own unless collaboration has been authorized. If collaboration is authorized, you must acknowledge the collaboration in writing. Your grade will be based in large part on the originality of your ideas and your written presentation of these ideas.

Plagiarism is intellectual theft. It means use of the intellectual creations of another without proper attribution. Plagiarism may take two main forms, which are clearly related:

1. To steal or pass off as one's own the ideas or words, images or other creative works of another, and
2. To use a creative production without crediting the source, even if only minimal information is available to identify it for citation.

Credit must be given for every direct quotation, for paraphrasing or summarizing a work (in whole, in part, in one's own words) and for information that is not common knowledge.

Warning: Any student caught cheating on an exam or plagiarizing material for the project will receive 0 point for that assignment and a letter will be placed in your file at the Dean's Office immediately. The claim of ignorance is no excuse. Those found plagiarizing may fail the course.

Suggestions for Success in a Finance Course

To increase the likelihood of success, each student should realize that this course can be very rigorous and requires assignments. Although the responsibility for learning rests upon the student, I am always available and happy to provide assistance. Below are some of my suggestions to help the students get successful.

1. Attend class regularly: If you have to miss a class, download the lecture notes from Canvas and borrow notes from your classmates.
2. Study regularly: The structure of this class makes your individual study and preparation outside class extremely important. The lecture material will focus on the major points introduced in the text. Reading the assigned chapters and having some familiarity with them before class will greatly assist your understanding of the lecture. After the lecture, you should study your notes and the review questions for each chapter.
3. Personal Scheduling: 6 – 10 hours per week on this course.
4. Communication: Check email and Du Canvas on a regular basis. All handouts and class material for FIN301 are located on **Canvas**. You can download all the materials from there. It will include the course outline, class handouts, lecture notes, problem solutions, exam reviews, office hours, and exam schedule. As the semester continues, the resources available in **Canvas** will expand.
5. Students should keep current with developments in international and domestic finance, the international political environment and the operations of multinational enterprises. Good sources of information are the daily editions of the Wall Street Journal, The Financial Times – www.ft.com – and the New York Times – www.nytimes.com -. A comprehensive weekly source is The Economist – www.economist.com

Classroom Conduct

1. Please turn off cell phones.
2. Please do not hold private conversations during class because it disturbs both the instructor and the other students in the class.
3. If you are late for class, please enter from a back door if possible or quietly from the front.

Other Guidelines

1. Any student who feels he or she may need an accommodation based on the impact of a disability should contact me privately to discuss his or her specific needs.
2. If you are having trouble in class, please come and see me.

Tentative Time Schedule

Segment One

Week #1: 8/29 and 8/31

Introduction & Overview

Week #2: 9/5 and 9/7	Financial Statements Analysis
Week #3: 9/12 and 9/14	Financial Statements Analysis
Week #4: 9/19 and 9/21	Time Value of Money
Week #5: 9/26 9/28	Caritas and Veritas Day (class schedule suspended) Time Value of Money
Week #6: 10/3 and 10/5	Interest Rate
Week #7: 10/10 and 10/12	Bond Valuation, Exam Review
<u>Week #8: Tuesday 10/17</u>	<u>In-class midterm Exam</u>
<u>Thursday 10/19</u>	<u>Take-home midterm Exam</u>
Week #9: 10/24 and 10/26	Bond Valuation
Week #10: 10/31 and 11/2	Risk and Return
Week #11: 11/7 and 11/9	Risk and Return
Week #12: 11/14 and 11/16	Stock Valuation
Week #13: 11/21 11/23	Cost of Capital (WACC) Thanksgiving Vacation
Week #14: 11/28 and 11/30	Capital Budgeting
Week #15: 12/5	Exam Review
<u>Thursday 12/7</u>	<u>In-class final Exam</u>
<u>Week #16: Tuesday 12/12</u>	<u>Take-home final Exam</u>
<u>Thursday 12/14</u>	<u>Project 3 report due online</u>

NOTE: This time schedule is very tentative. Some chapters may be omitted and other chapters included depending on time constraints. Exact material covered on each of the exams will be discussed in class.