



Course Syllabus

Version: ON 07.19

FINC 3613

Corporate Finance

Course Description

This course is designed to provide a basic understanding of the financial principles and techniques related to financial management within a business enterprise and their application to financial decision. The emphasis of the course will include financial statement analysis, asset valuation methods, capital budgeting, cost of capital, capital asset pricing model and foreign exchange rates.

Course Prerequisites

ACCT 2003 – Financial Accounting

Required Materials

Berk, DeMarzo & Harford. Fundamentals of Corporate Finance (4th ed.). New York: Pearson.

ISBN: 9780134476445

ISBN: 9780134475561

MyLab Finance Student Access Code.

Microsoft Excel software (preferably 2010 or later edition).

Accreditation

Southern Wesleyan University is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools to award associate, baccalaureate, and masters degrees. Contact the Commission on Colleges at 1866 Southern Lane, Decatur, GA 30033-4097 or call 404-679-4500 for questions about the accreditation of Southern Wesleyan University.

Course Learning Outcomes

By the end of the course, each student will be able to do the following:

- Explain the principles of working capital management and related policies and financing decisions
- Apply Time Value of Money (TVM) concepts and related tools to analyze the changing value of money over time, and to calculate the values of financial securities such as bonds and stocks.
- Apply financial tools to calculate the firm's cost of capital used in the capital budgeting process, in order to demonstrate their understanding of the concepts of risk and return in investment decisions.
- Discuss derivatives, such as stock options, and strategies associated with them.
- Discuss international finance, foreign exchange market, and risk associated with the market.
- Apply Christian perspectives to business financial management.

Course Learning Assignments and Assessments

Grading

Articles and Discussions	20%
Chapter Problems	25%
Case Studies	35%
Exam	20%
Total	100%

Articles and Discussions – 20%

Each week there will be an article to read for the discussion topic. This assignment requires interaction between students. Each student is expected to prepare for, and actively participate in, all class discussions. The faculty member will evaluate the quality of participation for each session. Evaluations and attendance will be included in the discussion grade. Your weekly points (total of 100 points) will be awarded in accordance with performance in two key criteria:

1. Your first post on the topic - due by Thursday at 11:59 pm EST (10 points).
2. Your comments on at least two of your peers' first posting on the topic – due by Sunday at 11:59 pm EST (10 points – 5 points per comment on your peers' first posting).

Also, note the following:

- (i) Identify any sources you use in your post, properly cite your sources, and use APA format.
- (ii) Your first post must be a minimum of 200 words.
- (iii) Your posts must be on three different days to receive maximum points.
- (iv) A 5-point deduction per day will be made for late postings.
- (v) Posts submitted after Sunday at 11:59 pm EST will be awarded zero points.

The exchange of substantive ideas is a valuable learning tool and each student is expected to contribute. Thorough and comprehensive responses are expected and awarded maximum points. Partial or shallow postings are awarded less than maximum points.

Chapter Problems – 25%

This assignment is practical problem-solving exercises that cover the core contents of the material covered in the appropriate sections of the course, and test the students' conceptual, mathematical, and graphical understanding of the material. Their aims are

1. To assess your understanding of the practical implications and applications of the key concepts and methods covered by the week's topic(s).
2. To assess your ability to use the key concepts and methods to model and solve management problems.
3. To assess the students' ability to apply these concepts independently.

Case Studies – 35%

There are three cases in this assignment.

1. Data Case – Based on the chapter covered in the Session, this assignment is step by step Excel work to compute returns and risks. This assignment requires Excel work.
2. Integrated Case – Based on the chapter covered in the Session, this assignment requires Excel work to complete the questions.
3. Case Analysis – Based on the article chosen by each student, this assignment requires summary and arguments.
APA format required.

** Detail information is provided in Canvas

Exam – 20%

There will be one exam in Session 7. The exam will cover all materials covered in the course including materials in Session 7.

GRADE EQUIVALENCY TABLE

All grades are reported in a system of eleven letter grades designated as “A” through “F” with appropriate plus and minus additions reflecting the following scheme:

Percentage Value	Letter Grade	Numeric Value for GPA
93-100	A	4.0
90-92	A-	3.7
86-89	B+	3.4
83-85	B	3.0
80-82	B-	2.7
76-79	C+	2.4
73-75	C	2.0
70-72	C-	1.7
65-69	D+	1.4
60-64	D	1.0
<60	F	0.0

Course Policies

Attendance Policy

Regular attendance is a key to success in the course. Please refer to the Attendance Policy outlined in the Catalog for full details of the SWU policy on attendance.

Online attendance is based on completion of at least one designated assignment by the due date/time posted within the course site for each session. Online activities may include lecture, assignments, readings, discussion forums, and assessments (e.g. quizzes, tests).

Late Assignment Policy

Assignments

Meeting assigned due dates is critical for demonstrating progress and ensuring appropriate time for instructor feedback on assignments. Students are expected to submit their assignments on or before the due date. Assignments are due by midnight on the days specified. Students can expect a 20% reduction of their grade for each day an assignment is late. Students who submit assignments more than four days late will receive a grade of zero on the assignment.

In the case of extenuating circumstances (such as hospitalization, child birth, major accident, injury or bereavement), it is the responsibility of students to contact the instructor as soon as practicable. The instructor may waive the late penalty if the circumstances are justified.

Students must submit final course assignments no later than the last day of the term. No assignments are accepted after the last day of the term.

Discussions

Students must submit discussion board postings during the time frame indicated. Discussion board submissions will not be accepted for credit after the deadline.

Communication

The course site (Canvas) and SWU email are the primary tools for class communication, assignments, handouts, etc. All participants must have access to the course site and SWU e-mail and are expected to access them on a daily basis.

While it is important to maintain good communication with the instructor, Internet connectivity problems and home computer problems are not considered adequate excuses for missing assigned class work.

Technology Requirements

To be successful in this course, all participants are expected to ensure their technology equipment meets the [recommendations](#) provided by SWU's Technology Services.

Students requiring technical support related to their courses or other SWU-provided technologies should send an e-mail to helpdesk@swu.edu or call 864.644.5050.

Academic Honesty

Honesty in all matters - including honesty in academic endeavors - is a valued principle at Southern Wesleyan University. It is the expectation of the university that all those joining the academic program will act with integrity in all matters.

No forms of academic dishonesty will be tolerated. Students are encouraged to help each other maintain these high standards. All academic dishonesty should be reported to the faculty directly. Faculty, upon evidence of academic dishonesty (cheating, plagiarism, or misuse of another's intellectual property), either by voluntary confession, report of another student, or on the basis of work submitted, must follow the procedure outlined in the Catalog (under *Academic Honesty*). This includes but is not limited to a zero for the work involved, 10% course grade reduction, or a failing grade for the course. Unresolved cases may be appealed using the Appeal Process outlined in the Catalog (*Academic Honesty*).

Accommodations for Students with Disabilities

Southern Wesleyan University is committed to providing equitable access to learning opportunities for all students. Accommodations can be made for students with disabilities, as outlined in "Services for Students with Disabilities" found in mySWU's Student tab under The Learning Center. Any student desiring accommodations must send the request and all documentation to the Student Success Coordinator in Rickman Library 224. Call 864-644-5036 for more information.

Session One

Learning Outcomes	Assignments/Assessments
<p data-bbox="154 226 506 258">Each student will be able to</p> <ul data-bbox="154 331 799 961" style="list-style-type: none">• Identify the role of financial managers and competitive markets in decision making• Understand the Valuation Principle, and how it can be used to identify decisions that increase the value of the firm• Assess the effect of interest rates on today's value of future cash flows• Calculate the value of distant cash flows in the present and of current cash flows in the future• Value a series of many cash flows• Value a perpetual series of regular cash flows called a <i>perpetuity</i>• Value a common set of regular cash flows called an <i>annuity</i>• Value both perpetuities and annuities when the cash flows grow at a constant rate• Compute the number of periods, cash flow, or rate of return of a loan or investment• Value cash flow streams with non-annual payments	<p data-bbox="824 226 1047 258">Each student will</p> <ul data-bbox="873 296 1360 751" style="list-style-type: none">• Read Ch. 3 & 4 in the Berk/DeMarzo/Harford Text.• Study examples in the Berk/DeMarzo/Harford Text.• Participate in the following Session Discussion Forum(s):<ul data-bbox="971 554 1263 621" style="list-style-type: none">○ Devotional○ Discussion Question• Prepare and submit the Session Assignments (Chapter Questions) on Pearson MyLab Finance.

Session Two

Learning Outcomes	Assignments/Assessments
<p data-bbox="154 199 503 226">Each student will be able to</p> <ul data-bbox="154 304 787 808" style="list-style-type: none">• Understand the different ways interest rates are quoted• Use quoted rates to calculate loan payments and balances• Know how inflation, expectations, and risk combine to determine interest rates• See the link between interest rates in the market and a firm's opportunity cost of capital• Understand bond terminology• Compute the price and yield to maturity of a zero-coupon bond• Compute the price and yield to maturity of a coupon bond• Analyze why bond prices change over time• Know how credit risk affects the expected return from holding a corporate bond	<p data-bbox="824 199 1047 226">Each student will</p> <ul data-bbox="868 262 1388 829" style="list-style-type: none">• Read Ch. 5 & 6 in the Berk/DeMarzo/Harford Text.• Study examples in the Berk/DeMarzo/Harford Text.• Participate in the following Session Discussion Forum(s):<ul data-bbox="966 514 1258 598" style="list-style-type: none">○ Devotional○ Discussion Question• Prepare and submit the Session Assignments (Chapter Questions) on Pearson MyLab Finance.• Prepare and submit Case Analysis on Canvas.

Session Three

Learning Outcomes	Assignments/Assessments
<p>Each student will be able to</p> <ul style="list-style-type: none"> • Understand the tradeoff between dividends and growth in stock valuation • Appreciate the limitations of valuing a stock based on expected dividends • Value a stock as the present value of the company's total payout • Describe the basics of common stock, preferred stock, and stock quotes • Compare how trades are executed on the NYSE and NASDAQ • Value a stock as the present value of its expected future dividends • Calculate Net Present Value • Use the NPV rule to make investment decisions • Understand alternative decision rules and their drawbacks • Choose between mutually exclusive alternatives • Evaluate projects with different lives • Rank projects when a company's resources are limited so that it cannot take all positive-NPV projects 	<p>Each student will</p> <ul style="list-style-type: none"> • Read Ch. 7 & 8 in the Berk/DeMarzo/Harford Text. • Study examples in the Berk/DeMarzo/Harford Text. • Participate in the following Session Discussion Forum(s): <ul style="list-style-type: none"> ○ Devotional ○ Discussion Question • Prepare and submit the Session Assignments (Chapter Questions) on Pearson MyLab Finance.

Session Four

Learning Outcomes	Assignments/Assessments
<p>Each student will be able to</p> <ul style="list-style-type: none"> • Identify which types of securities have historically had the highest returns and which have been the most volatile • Compute the average return and volatility of returns from a set of historical asset prices • Understand the tradeoff between risk and return for large portfolios versus individual stocks • Describe the difference between common and independent risk • Explain how diversified portfolios remove independent risk, leaving common risk as the only risk requiring a risk premium • Calculate the expected return and volatility (standard deviation) of a portfolio • Understand the relation between systematic risk and the market portfolio • Measure systematic risk • Use the Capital Asset Pricing Model (CAPM) to compute the cost of equity capital for a stock 	<p>Each student will</p> <ul style="list-style-type: none"> • Read Ch. 11 & 12 in the Berk/DeMarzo/Harford Text. • Study examples in the Berk/DeMarzo/Harford Text. • Participate in the following Session Discussion Forum(s): <ul style="list-style-type: none"> ○ Devotional ○ Discussion Question • Prepare and submit the Session Assignments (Chapter Questions) on Pearson MyLab Finance. • Prepare and submit Data Case on Canvas.

Session Five

Learning Outcomes	Assignments/Assessments
<p>Each student will be able to</p> <ul style="list-style-type: none"> • Understand the drivers of the firm's overall cost of capital • Measure the costs of debt, preferred stock, and common stock • Compute a firm's overall, or weighted average, cost of capital • Apply the weighted average cost of capital to value projects • Adjust the cost of capital for the risk associated with the project • Account for the direct costs of raising external capital • Understand basic option terminology • Explain the difference between <i>calls</i> and <i>puts</i>, how they pay off, and the profit from holding each to expiration • Analyze the factors that affect option prices • Become familiar with the Black-Scholes option pricing formula • Describe the relationship that must hold between the prices of similar <i>calls</i> and <i>puts</i> on the same stock • Demonstrate how options are applied in corporate finance 	<p>Each student will</p> <ul style="list-style-type: none"> • Read Ch. 13 & 21 in the Berk/DeMarzo/Harford Text. • Study examples in the Berk/DeMarzo/Harford Text. • Participate in the following Session Discussion Forum(s): <ul style="list-style-type: none"> ○ Devotional ○ Discussion Question • Prepare and submit the Session Assignments (Chapter Questions) on Pearson MyLab Finance. • Prepare and submit Integrated Case on Canvas.

Session Six

Learning Outcomes	Assignments/Assessments
<p data-bbox="154 199 503 226">Each student will be able to</p> <ul data-bbox="154 304 787 745" style="list-style-type: none">• Contrast the different ways to raise equity capital for a private company• Understand the process of taking a company public• Gain insight into puzzles associated with initial public offerings• Explain how to raise additional equity capital once the company is public• Identify different types of debt financing available to a firm• Understand limits within bond contracts that protect the interests of bondholders• Describe the various options available to firms for the early repayment of debt	<p data-bbox="820 199 1039 226">Each student will</p> <ul data-bbox="868 262 1356 724" style="list-style-type: none">• Read Ch. 14 & 15 in the Berk/DeMarzo/Harford Text.• Study examples in the Berk/DeMarzo/Harford Text.• Participate in the following Session Discussion Forum(s):<ul data-bbox="966 525 1258 598" style="list-style-type: none">○ Devotional○ Discussion Question• Prepare and submit the Session Assignments (Chapter Questions) on Pearson MyLab Finance.

Session Seven

Learning Outcomes	Assignments/Assessments
<p>Each student will be able to</p> <ul style="list-style-type: none"> • Discuss the types of mergers and trends in merger activity • Understand the stock price reactions to takeover announcements • Critically evaluate the different reasons to acquire • Follow the major steps in the takeover process • Discuss the main takeover defenses • Identify factors that determine who gets the value-added in a merger • Explain the basics of foreign exchange • Identify and hedge exchange rate risk • Understand integrated capital markets and their implication for prices • Determine how to handle cash flows in foreign currencies in capital budgeting • Analyze the impact of different countries' tax rates on investment decisions and firm value • Show how to exploit opportunities from segmented international markets • Demonstrate how to address exchange rate risk in your capital budgeting approach 	<p>Each student will</p> <ul style="list-style-type: none"> • Read Ch. 22 & 23 in the Berk/DeMarzo/Harford Text. • Study examples in the Berk/DeMarzo/Harford Text. • Participate in the following Session Discussion Forum(s): <ul style="list-style-type: none"> ○ Devotional ○ Discussion Question • Prepare and submit the Session Assignments (Chapter Questions) on Pearson MyLab Finance. • Take the Exam available on Pearson MyLab Finance.