1. Course Information

Course Title: Corporate Finance

Course number: FINA-3339

Course Section: A  Credit. Hours: 3

Semester: Fall 2016

Prerequisites: ECON 1331, ACCT 1341 and MATH 3332

Room #: JER 201

Days & hours: M W 3:10 -4:25 p.m.

2. Instructor Information

Name: Joe Ueng, Ph.D., CFA

Office location: 225 Welder Hall

Office phone: 713-525-2114

OFFICE HOURS:  
Monday: 1:00-3:10, 4:25-5:30 p.m.
Wednesday: 1:00-3:10, 4:25-5:30 p.m.
Tuesday: 11:00-11:30 a.m.

or by appointment (I am always happy to meet with you at a mutually convenient prearranged time if you cannot come by during regular office hours)

E-mail: ueng@stthom.edu

Fax number: 713-525-2110
3. Course Catalog Description

The course covers the analysis of corporate use of financial markets, with emphasis on stock and bond valuations and returns. The course further demonstrates corporate decision making in the areas of capital budgeting, corporate financial structure and dividend policy.

Corporate Finance is a first course in financial management, taught from the corporate perspective. It presumes prior knowledge of accounting, economics, and statistics. This course provides a thorough introduction to the theory of finance and the techniques of financial decision-making. The course is designed to cover primary corporate finance concepts as well as providing the necessary foundation for more advanced courses such as Investments, Financial Institutions and Markets, and International Finance.

The topics covered include:

- An Overview of Managerial Finance
- Financial Markets and Institutions
- Interest Rates
- Financial Statements, Cash Flow
- Analysis of Financial Statements Capital Structure
- Risk and Rates of Return
- The Time Value of Money
- Valuation: Bonds
- Valuation: Stocks
- Capital Budgeting Techniques
- Project Cash Flows and Risk
- Dividend Policy
- Capital Structure Theories
- The Cost of Capital
- Equity and Debt as Sources of Corporate Funds
- Multinational Financial Management

4. BBA Learning Goals

The Bachelors of Business Administration has five goals.

When students complete the BBA degree at the University of St. Thomas:

Goal 1. They will be able to communicate effectively.
   Objective 1: Graduates will deliver a compelling oral presentation.
   Objective 2: Graduates will demonstrate mastery of communication technology.
   Objective 3: Graduates will write professional quality documents.

Goal 2. They will be adept at critical thinking.
   Objective 1: Graduates will analyze problems in-depth.
   Objective 2: Graduates will evaluate data thoroughly.
   Objective 3: Graduates will present feasible solutions for problems.
Goal 3. They will be able to work effectively in teams.
   Objective 1: Graduates will work collectively towards team objectives.
   Objective 2: Graduates will demonstrate professional interpersonal relations with other team members.

Goal 4. They will be ethical decision makers.
   Objective 1: Graduates will recognize the ethical issues implicit in a business situation.
   Objective 2: Graduates will describe and use ethical frameworks applicable to business situations.

Goal 5. They will be knowledgeable about fundamental financial issues and processes.

**Program Learning Goals**

The goal of the finance curriculum is to acquaint students with the facts of financial markets and financial instruments and to teach them to perform financial calculations and analysis. In addition, the finance curriculum, alone with their complementary business training, will enable students to attain professional workforce status in a financial environment. Specifically, students are expected to perform the following:

1. Effective and logical communication in a business situation.
2. Critical thinking and ability to demonstrate creative decision making skills
3. Effective teams work towards achievement of goals.
4. Recognition of moral standards/principles and ability to resolve moral issues.
5. Understanding of fundamental business issues and processes.

**5. Course Learning Goals and Objectives**

After completing this Corporate Finance course, you should be able to:
1. perform calculations of present and future values and rates of return on investments. (address goal 2)
2. compute the fundamental (intrinsic) value of a share of stock and relate the price computation to risk/return analysis using the capital asset pricing model (CAPM). (address goal 2)
3. compute bond prices and bonds’ yields to maturity. (address goal 2)
4. perform capital budgeting analyses using both the NPV and IRR and explain how capital budgeting relates to dividend policy. (address goal 5)
5. explain the principles involved in finding the optimal capital structure (amount of debt vs. equity) of a corporation. (address goal 2)
6. explain how firms raise funds through the sale of securities (stocks and bonds). (address goal 2)
7. explain and compute the effects of exchange rate changes on international investment decisions. (address goal 5)

In every case where a computation is involved, you should be able to provide a verbal explanation of the computation and its results.
6. Texts, Readings, Materials


**Required financial calculator**

A financial calculator with cash flow functions (NPV, IRR) is required. The Hewlett Packard HP 10B or HP 10B II is recommended (and will be demonstrated in class), but other calculators with similar capabilities are acceptable. Do not go out and buy an advanced business calculator for $200. More advanced calculations are normally done with spreadsheet programs these days.

**Supplementary readings:**

**The Wall Street Journal**
The Wall Street Journal is one of the most widely read journals of business. I want to encourage you to subscribe and read this paper every day. To encourage your interest in this paper, we will refer to it often in class. Handouts will be provided in class and assigned reading will be posted on Blackboard.

7. Instructional methods:

Lectures by instructors
End-of-chapter problems solving
Class discussion and participation
Project assignment

8. Technology

Blackboard will be used in this course. I’ll post announcements, sample problems, assigned reading, and web materials on the Blackboard.
9. Course Tentative Schedule:

**Course Calendar/Schedule**

<table>
<thead>
<tr>
<th>Week</th>
<th>Tentative Topic*</th>
<th>Chapter</th>
<th>Problems</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>An Overview of Managerial Finance</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Financial Mkts and Institutions</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Financial Statements, Cash Flow</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Analysis of Financial Statements Capital Structure</td>
<td>4</td>
<td>Ch. 4: 5,6,9, 10</td>
</tr>
<tr>
<td>5</td>
<td>Risk and Rates of Return</td>
<td>8</td>
<td>3,5,7,13</td>
</tr>
<tr>
<td>6</td>
<td>Risk and Rates of Return Exam 1</td>
<td>8</td>
<td>3,5,7,13</td>
</tr>
<tr>
<td>7</td>
<td>The Time Value of Money</td>
<td>5</td>
<td>11,17, 18, 19,34</td>
</tr>
<tr>
<td></td>
<td>The Time Value of Money</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Valuation: Bonds</td>
<td>7</td>
<td>1,2,3</td>
</tr>
<tr>
<td>9</td>
<td>Valuation: Stocks</td>
<td>9</td>
<td>2,3, 10</td>
</tr>
<tr>
<td>10</td>
<td>Valuation: Stock</td>
<td>9</td>
<td>2,3,10</td>
</tr>
<tr>
<td>11</td>
<td>Spring Break</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Capital Budgeting Techniques</td>
<td>11</td>
<td>1,6,10</td>
</tr>
<tr>
<td>12</td>
<td>Project Cash Flows and Risk</td>
<td>12</td>
<td>8, 9</td>
</tr>
<tr>
<td>13</td>
<td>The Cost of Capital</td>
<td>10</td>
<td>3,6</td>
</tr>
<tr>
<td>14</td>
<td>Interest Rates, Exam 2</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Dividend Policy</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Multinational Financial Mgt</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Final Exam</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*: Since the course syllabus becomes a written legal covenant between the instructor and students in the course, each syllabus should end with a caveat of the following sort: "The above schedule and procedures in this course are subject to change in the event of circumstances beyond the instructor's control. This caveat protects the instructor and department if change in the syllabus need to be made once the course is underway

10. Course Policies

1. Reading assignments and homework:
   You are responsible for all of the material discussed in class, assigned in the readings, and problems assigned for homework. We will discuss the homework assignments in class. I will not grade the homework. However, the effort that you make on homework is highly correlated to your exam grades.

2. Make up exams and quizzes:
   Make up exams are permitted if your absence on an exam date or on the date for a quiz is for a reason consistent with University policy, including illness or participation in approved University activities. Make up exams from excused
absences will be scheduled at a time mutually agreeable to the instructor and the student.

3. You should prepare for ALL regularly scheduled classes prior to class meeting. Also, you are expected to arrive on time and stay in class until the class period ends. If you know in advance that you will need to leave early, please notify me before the class period begins.

4. Comments and questions are encouraged to share with the whole class. Private discussion with your peers is discouraged and viewed as destructive for the learning environment.

5. Participation performance is determined by your contribution to the class. It includes, but not limited to, comments, personal insight, constructive questions, work experience, and answers to assignments and cases. Attendance is expected and is part of your participation performance.

6. If you have special concerns about this class, I encourage you to come talk to me after class or during my office hours. This should be done in the first week of classes to allow us time to work out a plan to fully address your needs. Any student with a documented disability requiring accommodations in this course is encouraged to contact me after class or during office hours. Additionally, students will need to contact the office of Counseling Services for Students with Special Needs (Disability Services) at 713-525-3162 or 6953.

11. Student Grading Processes

There will be 2 exams. Each counts for 20% of your final grade. There will be a cumulative final exam, which counts for 35% of your final grade. In addition, there is one internet project that counts 10% of your course grade. There will also be five unannounced quizzes. The best four quizzes will be used and count for 10% of your course grade. Quizzes cannot be rescheduled or made up. You must be present in class to take each quiz. You should turn in your homework assignments after the assigned chapter was finished. I'll collect and check your work and return it for each assignment. Homework assignment and class participation count for 5% of your course grade. Usually class participation will be solicited in a question and answer format, and you will frequently be called upon by name to share your view. This requires that you prepare for each class by keeping up with the readings and the suggested homework assignments.

Final grade: A = 93 to 100 points; A- = 90 to 92 points; B+ = 87 to 89 points; B = 84 to 86 points; B- = 80 to 83 points; C+ = 77 to 79 points; C = 74 to 76 points; C- = 70 to 73 points; D = 60 to 69 points; and F is below 60 points.
Project

Guidelines:
Using internet, provide the following information on a company of your choice. Additionally, provide all required information above for the company’s major competitor in the same industry. The project is due the last day of class.

1. The company’s SIC code.
2. The company’s earnings and earnings per share for the last 5 years.
3. The company’s dividend payment and dividend per share for the last 5 years.
4. The company’s sales for the last 5 years.
5. The company’s cash, marketable securities, accounts receivable, inventory, and cash for the last 5 years.
6. The company’s stock prices, 52 week high low, number of shares outstanding, for the last 5 years.
7. The company’s current assets, total assets, current liabilities, and long-term debt for the last 5 years.
8. Calculate the 5 year growth rate of the each item from 2 to 7.
9. The company’s stockholders Equity (three components: Common stock, Paid-in Capital, and Retained Earnings) for the last five years.
10. Provide all the information above for the company’s major competitor in the same industry (for instance, if you select UPS, then Federal Express can be a good choice).
11. Using the information provided, comment on each company’s major strengths, weaknesses, opportunities, and threats (SWOT). The length of your SWOT analysis should be less than two double-spaced pages for each company.

12. Available Support Services:

Accommodations The University of St. Thomas abides by the Americans with Disabilities Act and Section 504 of the Rehabilitation Act of 1973, which stipulates that no student shall be denied the benefits of an education "solely by reason of a handicap." If you have a documented disability that may impact your performance in this class and for which you may require accommodations, you must be registered with and provide documentation of your disability to Counseling and Disability Services which is located on the second floor of Crocker Center. Contact the Center or Rose Signorello at 713-525-6953 or 713-525-3162.
The Cameron School of Business at University of St. Thomas

MISSION STATEMENT

The Cameron School of Business will serve students of diverse backgrounds, providing them the necessary professional skills for a changing global economy, and instilling in them a deep appreciation for ethical behavior as the hallmark of a successful and fulfilling business career. The Cameron School will provide its students a timely and comprehensive business curriculum, with opportunities for specialized study in major business fields. The faculty will provide quality teaching, as this is the core of our mission. As an extension of our teaching mission, the faculty will engage in scholarly activity and service to the University, the profession, and the community

Academic Honesty Ethical conduct is essential to a community of scholars and students searching for truth. Anything less than total commitment to honesty and honorable conduct undermines the efforts of the entire community. Academic integrity lies at the very heart of any institution of higher learning. In the Cameron School of Business, students and faculty are expected to commit to a code that exemplifies each individual's honor and integrity. Any conduct that violates this standard and betrays the respect of others is a matter of grave concern and, accordingly, is deemed unacceptable