



SPRING QUARTER 2019 SYLLABUS

FINC-3420-02: INTERMEDIATE CORPORATE FINANCE
TTH 1:30 p.m. – 3:35 p.m., Pigott 102

PROFESSOR: Katya Emm, Ph.D.
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COURSE WEBSITE: <https://seattleu.instructure.com/>
OFFICE HOURS: Tue 3:45 – 4:45 p.m., and by appointment

Course description

This course focuses on working capital management, advanced capital budgeting, lease versus buy analysis, dividend policy, capital structure theory, long-term sources of finance and contingent claims as they apply to corporate financial management.

Prerequisites

- ECON 3100 and at least a B- in FINC 3400
- Quantitative skills at the level of intermediate algebra

Required and recommended reading

1. ***Corporate Finance***, 4th edition, by Berk and DeMarzo (ISBN-13: 978-0134083278, ISBN-10: 013408327X). You can use other editions of the textbook if they include all the assigned chapters.
2. ***Value: The Four Cornerstones of Corporate Finance***, 1st edition, by Koller, Dobbs, and Huyett (ISBN-13: 978-0470424605, ISBN-10: 0470424605)

Calculator

It is essential that you have a financial calculator to use throughout the course. Bring your calculator to each class and exams. The use of calculators on other electronic devices (such as, cell phones and laptops) will not be permitted on quizzes and tests.

Course website

The course website will include, among other things, announcements, assignments and your grades visible only to you. Check the announcement page often—important notices and updates will appear there. You can access the course website through CANVAS at: <https://seattleu.instructure.com/>

Attendance and class participation

You will find that regular attendance and class participation are essential for your success in this course. I will not keep official attendance records. However, I expect you to be fully aware of the issues discussed in class. Note that the coverage during lectures will not be limited to the textbook. I would also like you to meet with me during my office hours at least once during the quarter. This will help me to get to know you better, address your concerns and to discuss your progress.

Suggested practice problems

Suggested practice problems for each chapter are listed on the last page of the syllabus. Solutions to these problems are posted on the course website. I will not collect these problems. They are assigned for your practice. It is essential for your success in this course that you practice the material by solving all the suggested problems regularly over the course of the quarter.

Homework assignments

Homework assignments will be posted on the course website. You will complete each assignment using Excel and submit it on Canvas by the dates listed in the course calendar.

Presentation

Your group presentation will be based on your assigned reading of *Value: The Four Cornerstones of Corporate Finance*. You will be assigned a specific date on which you are expected to make your presentation.

Exams

There will be two exams given on the days listed in the course calendar. The second exam will take place during the final exam week. It will include the material not tested on the first exam. If you know that you will not be able to attend one of the exams, you must request permission to be absent from the exam in advance of it. Your request must be supported by written documentation of the conflicting situation that prevents you from taking the exam. The grant of the permission or excuse is at my discretion. If the absence from the exam is not excused, a score of zero will be assigned for the missed exam.

Grade weights

Presentation	10%
HW assignments	20%
Exam One	35%
Exam Two	<u>35%</u>
Total	100%

The course letter grade will be assigned according to the following schedule:

95 – 100	A	77 – 79.99	C+
90 – 94.99	A-	74 – 76.99	C
87 – 89.99	B+	67 – 73.99	C-
84 – 86.99	B	60 – 66.99	D
80 – 83.99	B-	below 59.99	F

Use of technology

With the exception of note taking on an electronic device, you are not allowed to use laptops, cell phones or similar forms of technology during class. Surfing the web, texting and other uses of technology are distracting to students and instructors alike and ultimately detrimental to the learning environment.

Academic honesty and integrity

In keeping with the mission of the school and university, students are expected and required to conform to the norms of academic honesty. Academic misconduct will be dealt with harshly. Academic misconduct includes (but is not limited to) using unauthorized written or electronic materials on a quiz or exam, copying another student's quiz or exam or allowing another student to copy yours, and passing off someone else's writing or ideas as your own in writing assignments. Acts of academic dishonesty will be addressed according to the Seattle University Academic Integrity Policy.

Academic Policies on Registrar website (<https://www.seattleu.edu/redhawk-axis/academic-policies/>)

- Academic Integrity Policy
- Academic Grading Grievance Policy
- Professional Conduct Policy (only for those professional programs to which it applies)

Academic resources

- Library and Learning Commons (<http://www.seattleu.edu/learningcommons/>) (This includes: Learning Assistance Programs, Research [Library] Services, Writing Center, Math Lab)
- Academic Integrity Tutorial (<https://www.seattleu.edu/academicintegrity/>)

Notice for students concerning disabilities

If you have, or think you may have, a disability (including an 'invisible disability' such as a learning disability, a chronic health problem, or a mental health condition) that interferes with your performance as a student in this class, you are encouraged to arrange support services and/or accommodations through Disabilities Services staff located in Loyola 100, (206) 296-5740. Disability-based adjustments to course expectations can be arranged only through this process.

Office of Institutional Equity

Title IX of the Education Amendments of 1972 (Title IX) prohibits discrimination based on sex in educational programs or activities that receive Federal financial assistance. This prohibition includes sexual misconduct, which encompasses sexual harassment and sexual violence. Seattle U remains committed to providing a safe and equitable learning, living, and working environment. Seattle U offers emergency, medical, and other support resources, as well as assistance with safety and support measures, to community members who have experienced or been impacted by sexual misconduct.

Seattle U requires all faculty and staff to notify the University's Title IX Coordinator if they become aware of any incident of sexual misconduct experienced by a student.

For more information, please visit <https://www.seattleu.edu/equity/>. If you have any questions or concerns, you may also directly contact the Title IX Coordinator in the Office of Institutional Equity (email: oi@seattleu.edu; phone: 206.296.2824) University Resources and Policies

General responsibilities

You are responsible for knowledge of any administrative announcements (test information, schedule changes, etc.) that are made at any time during scheduled class periods regardless of whether you are in attendance. If you are absent, ask a classmate to keep you informed. I will also assume that you are aware of all updates posted by me on the course website's announcement page.

I expect you to be respectful and considerate of your fellow students. This includes silencing your cell phones and refraining from side conversations. Finally, please try to avoid late arrivals and early departures to minimize distractions.

Daily Class Calendar - as of 4/1/2019

NOTE: This calendar provides a planned outline of the course topics and events. Deviations may be necessary. If so, they will be announced in class and on the website. It is your responsibility to be informed of these changes.

	DATE		EVENT	TOPIC	CHAPTERS
1	Apr - 2	Tue		Introduction	
2	Apr - 4	Thu		Pricing of Risk: The CAPM	Ch 10
3	Apr - 9	Tue		Cost of Capital	Ch 12
4	Apr - 11	Thu	NO CLASS – University Mission Day		
5	Apr - 16	Tue		Capital Structure: Perfect Market	Ch 14
6	Apr - 18	Thu		Capital Structure: Market Imperfections	Ch 15, 16
7	Apr - 23	Tue	NO CLASS Homework 1		
8	Apr - 25	Thu	EXAM ONE	Chapters 10, 12, 14-16	
9	Apr - 30	Tue		Capital Structure: Payout Policy	Ch 17
10	May - 2	Thu		Valuation: Capital Budgeting	Ch 18

11	May - 7	Tue		Valuation: Business Valuation	Ch 19
12	May - 9	Thu		Valuation: Real Options	Ch 22
13	May - 14	Tue		Valuation, cont'd	
14	May - 16	Thu	Homework 2	Long-Term Financing: Equity	Ch 23
15	May - 21	Tue		Long-Term Financing: Debt	Ch 24
16	May - 23	Thu		Long-Term Financing: Leasing	Ch 25
17	May - 28	Tue		Long-Term Financing, cont'd	
18	May - 30	Thu		Short-Term Financing: Working Capital Management	Ch 26
19	Jun - 4	Tue	Homework 3	Short-Term Financing, cont'd	
20	Jun - 6	Thu		Exam Review	
--	Jun - 11	Tue	EXAM TWO 12:00 - 1:50 p.m.	Chapters 17-19, 22-26	

End-of-Chapter Practice Problems

Chapter 10: 20, 22, 25, 26, 29, 30, 31,32, 35, 36, 38.

Chapter 12: 1, 2, 3, 26b,c.

Chapter 14: 21a (Note that the textbook solution for this problem ignores taxes. Be able to include taxes if given.)

Chapter 15: 1a,d, 2, 6, 7, 8 (Hint: The present value of the annual tax shields here is the present value of a growing perpetuity with the negative growth rate, $g=-5\%$.), 10b, 11b, 16, 25, 26b.

Chapter 16: 4, 5, 10, 11, 12, 14, 15, 16, 17, 27, 29.

Chapter 17: 1, 2, 3, 4, 5, 6, 7, 21, 28, 29, 31, 32, 33, 34.

Chapter 18: See Capital Budgeting practice problems on Canvas.

Chapter 19: See Firm Valuation Homework practice problems on Canvas.

Chapter 22: 1, 2, 3, 4, 5, 7, 20, 21a, b (Note that in the case of the five-year lease, \$500 per month per cab are meant to represent monthly cash INFLOWS for the cab company.)

Chapter 23: 9, 10, 11,12, 13, 14, 15, 16a,b

Chapter 24: 1, 3, 4, 10, 11 (principle amount = \$100), 12 (principle amount = \$100), 13, 14 (Use the face value to calculate the conversion price).

Chapter 25: 1, 2, 3, 4

Chapter 26: 1, 2, 4, 5, 6, 13, 14, 15