

Instructor: Vinay Datar, Professor of Finance

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Office Pigott 406

Office Hours: T/Thu 12:30-1:30

Class T/Thu 3:45-5:50

Canvas/MyFinanceLab

Course Description:

I will assume that you have a good understanding of the topics discussed in pre-req classes including financial statements, the time value of money, bond and stock valuation, and the basics of capital budgeting. We will build upon these concepts.

This course presents basic principles of corporate finance and develops tools for financial decisions and valuation in presence of uncertainty, imperfect information and conflicting incentives.

Teaching Method:

We will follow the assigned portions of the required textbook. You will need to read the scheduled material before coming to class. I don't plan to lecture or present materials in any structured fashion to convey information. **My role will be to facilitate discussion and tease out interpretation of main ideas.** This process of discovery through conversation is deliberately disorganized and allows the class to shape the discovery. You will learn a lot by being actively engaged in class conversations on a continuing basis. Please do not feel compelled to be correct every single time but try to present reasonable logical arguments. Mistakes often present good learning opportunities. Over the years I have learned a lot by making mistakes.

I believe in active learning. I will frequently call on you to discuss the theory and applications in simple terms as well as in mathematical terms. The math is important but not for its own sake. Most ideas are accessible at intuitive level and are made more precise using mathematical framework. Your class participation will make your learning more effective and also enjoyable. Our focus will be on **general principals and tools** that will be applicable in a wide variety of real world situations.

Grading:

30% MFL Homework/CashFlow assignments.

MFL-Homework 15%

CashFlow Spreadsheet 15%

20% Quiz

20% Mid-Term Exam

30% Final Exam.

Contingency plan: If, for whatever reason, the Final Exam is declared *optional* by SeattleU (as it was in Winter-2020) **the highest optional course grade without** Final will be B+. I will explain details in class.

Homework is based on end-of-chapter problems and will reinforce the main ideas but will emphasize process and technique.

Grading Policy:

The learning environment is seriously frustrated by singular focus on grades. Every now and then, your class will have students whose primary pre-occupation is with letter grades. For their benefit, I have provided the following information.

As we all know, the exams are not a perfect measure of knowledge. The grades reflect your overall performance as measured by the scheme on the prior page. This is a standard metric for the entire class. The amount of effort you put in or your special needs for a particular letter grade do not allow me to fashion a special customized metric for different individuals.

Grading scale:

The course letter grade will be assigned based on 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-	< 59.99	F

Re-grading Policy:

Mistakes can be made in grading. If you believe that there has been a mistake in the grading of your quizzes or exams, you should contact me in writing within one week of the receipt of the grade. You should explain to me in detail where and why the grading has been done incorrectly. In such a case, I will re-grade your entire exam, which means your grade may go up or down as a result. All re-grade decisions are final.

Make-up Exam Policy:

Missing a quiz or an exam will result in a zero score. No make-up exam will be offered unless a *legitimate officially documented excuse* (such as illness or participation in a university event) has been *provided before the exam*. A student cannot take a make-up to improve the score on an exam if she/he has not done well. I reserve the right to give make-ups at my discretion based on the excuse provided.

Curving the final exam score: I'll normalize the final-exam scores upward to make the average equal to 70%. If the average on the final-exam is already above the 70% score, I'll be happy to leave the distribution unadjusted. This loads the process in favor of getting a better letter grade.

Academic Honesty

Seattle University is committed to the principle that academic honesty and integrity are important values in the educational process. Academic dishonesty in any form is a serious

offense against the academic community. Acts of academic dishonesty will be addressed according to the Seattle University Academic Honesty Policy. The policy can be found at the address below:

http://www.seattleu.edu/regis/Policies/Policy_2004-01.htm

If you are not sure whether a particular action is acceptable according to the Academic Honesty Policy, you should check with your instructor before engaging in it.

Exams are confidential and should not be distributed, nor should older exams be used. If you find out about any circulation of older exams, please report it immediately.

Disability

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 in the Learning Center, Loyola 100, (206) 296-5740. Disability-based adjustments to course expectations can be arranged only through this process.

Textbook: *Fundamentals of Corporate Finance*, by Berk, DeMarzo and Harford, 4th edition (Pearson)

MyFinanceLab: MyFinanceLab (MFL) is an online homework, tutorial, and assessment system that accompanies our textbook. Homework of this course will be assigned on and graded by MyFinanceLab.

It can be accessed at <http://myfinancelab.com>

MFL course name: **FINC-3420-02-22SQ**

MFL course ID: **datar98161**

Tentative Course Schedule (4TH edition Chapters)

DATE	TOPICS
Mar 29/31	Review of FINC 3400 material. Finance functions in Excel
Apr 5/7	Chapter 2: Financial Statements Analysis 2.1-2.5
Apr 12/14	Capital Structure: Ch 16
Apr 19/21	Capital Structure: Ch 16
Apr 26/28	Risk and Return: Ch 11, Ch 12
May 3/5	Review, Quiz https://gardecapital.com/team/scott-severs (May 5), Mid-Term
May 10/12	Cost of Capital: Ch 13
May 17/19	RJR-Nabisco Leveraged-Buyout-Case
May 24/26	Valuation Basics RWJ Ch 18
May 31/June 2	Read items below Present Sprd 3 of 3 Kroger Safeway IPO/SEO: Ross Westerfield & Jaffe Ch 20
Jun 9	<u>Final Exam</u> Tuesday June 9 4:00-5:50 <u>Missing Final gives zero score for Final</u> <hr/> <hr/>

Due Dates MFL and Canvas

- HW 1 Ch 2 Apr 5-10
 - Cash Flow Spreadsheet 1 of 3 Apr 12-17 **Canvas**
- HW 2 Ch16 Apr 19-24
- HW 3 Ch 11, Ch 12 Apr 26-May 1
- Quiz 1 in class Apr28
- Mid Term in class May 3
- HW 4 Ch 13 May 10-15
- Quiz 2 Ch 11/12 in class May 19
 - Cash Flow Spreadsheet 2 of 3 May 17-22 **Canvas**
- Quiz 3 Ch 13 in class May 26
 - Cash Flow Spreadsheet 3 of 3 May 24-29 **Canvas**
- Quiz 4 Ch 11-13, 16 in class June 2
- ***Final Exam 4:00-5:50 Thursday MyFinanceLab June 9***