

# Syllabus fall assignment



**ASSIGN  
BUSTER**

Financial statements analysis and forecasting, and free cash flow valuation of the firm Capital budgeting Cost of capital, leverage and capital structure policy You will demonstrate your proficiency In each area via three exams and three case analyses (using Excel). This course provides an Intensive Introduction to corporate financial decision-making and will prepare you for subsequent courses In the finance major. By the end of the course you should be able to: 1. Understand the information provided by financial statements and know how to compute and interpret important financial ratios 2.

Forecast balancing statements, estimate free cash flows, determine enterprise value and the value of stocks based on free cash flow 3. Compute net present value and understand why it is the best decision criterion 4. Understand how to determine the relevant cash flows for various types of capital investments 5. Understand how to determine the firm's overall cost of capital 6. Understand capital structure theories as well as real world factors that affect capital structure decisions 7. Compute the value of the unlevered and levered firm, and understand the effects of leverage on the value created by a project Textbook:

Fundamentals of Corporate Finance 10th edition, Ross, Westfield and Jordan; McGraw-Hill Irwin. Connect: The 9 homework assignments will be completed using the online tool, fall-2014 More detailed instructions are under the Connect tab in Blackboard Prerequisites: The prerequisites for this course are Finance 3101, 3502 or 3901. It is assumed that you have a basic understanding of the following: The structure and interpretation of income

statements, balance sheets, and statements of cash flow Time value of money Valuation of stocks and bonds The capital asset pricing model - CAMP

Net present value and internal rate of return Weighted average cost of capital Course Grade: Your performance in the course is based on the following: 1. Case Studies - 20%. There will be three Excel based case studies, with each covering a broad area of the course. You must work in teams of three students. The Alliance Concrete and Target Corporation cases are each 5% of your grade. Pacific Grove Spice is 10% of your grade. 2. Homework Assignments- 15%. 9 homework assignments are posted on Connect.

Each set of assignments will be due before the corresponding exam and the due dates are posted on your Connect homepage. You will have unlimited attempts on each problem, prior to the assignment due date. The Connect portion of your homework grade will be based on an average of the 9 Connect assignments. Mini-cases/written assignments All mini-case assignments are to be completed using Excel and are to be handed in at the beginning of class. Late submissions will not be accepted since we will be discussing the mini-cases/solutions during class. Each student works individually on the mini-cases. . Midterm Exams - 35% (Exam #1 = 15%; Exam #2 = 20%) The two midterm exams will be closed book, closed notes. You will only be permitted a calculator and a one page, handwritten, formula sheet. Each exam will consist of multiple choice questions, problems, and critical thinking questions. Make-up exams will be considered only for reasons related to medical issues or University scheduled activities. In all

cases, appropriate notes are required. Anyone missing the midterm exam without written approval will receive a grade of zero. 4. Final Exam- 30%.

This exam is comprehensive and closed book, closed notes. You will only be permitted a calculator and a one page, handwritten, formula sheet. Make-up exams will be considered only for reasons notes are required. Anyone missing the final exam without written approval will receive a grade of zero. Notes regarding grades: Case study, homework, midterm, and final exam grades will be posted on Blackboard. A composite grade (all homework and exams) will also be posted on Blackboard at the end of the semester. If a posted grade is incorrect, notify your instructor immediately.

Course Expectations: 1 . You should be prepared to devote between 12 to 15 hours a week (and perhaps ore in some circumstances), outside of class time, to learn the material required in Finance 3504. This time may include homework assignments, mint-case assignments, reading the chapter in preparation for class, and studying for exams. 2. You should expect to read the chapter carefully multiple times with the intention to understand the material and to be prepared for class discussion. 3. There is an important distinction between memorizing formulas and learning formulas.

Memorizing formulas means only that you know the order of terms in an equation without serially understanding what these terms represent.

Learning a formula means that you can interpret the formula in light of the underlying theory from which a given formula is derived. This distinction is important because the purpose of the undergraduate curriculum is that you learn how to think and to reason. 4. All end- of-chapter homework

assignments will be completed online or, for non-online assignments, printed using a 12 point font and handed in at the beginning of class on the day that they are assigned.

**Attendance Policy and Class Participation:** The finance department believes that your earning experience is positively related to your attendance in class. Therefore, attendance will be taken at every class meeting. Attending all classes will have a positive impact on your overall course grade, but excessive absences will have a negative impact on your course grade. Note that lateness and leaving class early may also be recorded as an absence. If you must miss class, notify your instructor beforehand. If you anticipate that Job, family or health issues may result in absences, please discuss this matter with your instructor as soon as possible.

Perfect attendance earns you an additional 2 percentage points that will be added onto your course average. Perfect attendance consists of no more than one absence for the semester. Each additional absence reduces your extra credit by 1 percentage point. Note that once you have accumulated 3 absences you will not receive any extra credit. Each additional absence beyond 3 will reduce your overall course grade by 1 percentage point per absence (out of 100 points). **Laptops, Pads, and Cell Phones:** NO laptops, Pads/Tablets or cell phones should be used during class time unless you have been given EXPLICIT permission by the instructor.

**Calculators:** Homework problems can be solved using algebra, calculators, or spreadsheets. Financial calculators are not a requirement of this course. You are solely responsible for learning how to use your calculator. Your

Responsibilities: Successfully complete all Finance 3502/3101 course prerequisites Attend class sessions are designed to reinforce this material and this should improve your understanding of the material Arrive before class is scheduled to start and bring your calculator Check Blackboard frequently Do all assigned homework on time