

Business Economics 250

Corporate Finance

Spring 2018

Instructor: Professor Gang Wang

Lectures: MWF 11-11:50am, Morgan 307

Office: Morgan 206

Office Hours: MWF 9-10:00am, or by appointment

Email: gwang@wooster.edu

Text: Fundamentals of Corporate Finance, 4th edition, by Berk, Demarzo and Harford.

Calculator:

A basis financial calculator is required for this course, such as Texas Instruments BA II Plus and Hewlett Packard 12C.

Overview:

This is an introductory course in corporate finance. Students will learn how to value assets and businesses given forecasts of future cash flows under the premise of no arbitrage opportunities. Topics include but are not limited to time value of money, bond and stock valuation, risk and expected returns, capital asset pricing model, capital budgeting and capital structure.

Prerequisites:

ECON 101 and BUEC 119

Attendance:

Attendance is required. Frequent absences will reduce your final grade.

Moodle:

We will be using the Moodle course management system in this course. All assignments, handouts and links to websites and data sets will be posted on Moodle. It is your responsibility to check it on a regular basis.

Homework:

Homework will be assigned several times during the semester. Homework is due at the due date specified on each assignment and late submission will not be accepted.

Project:

You will submit a project for this course that addresses a particular corporate finance issue and analyzes it using the tools you learned in this course. You will write **a proposal of your project** before you start the project itself. The proposal will be a brief summary of your intended project including a brief review of relevant literature. After you turn in the proposal, I will send you an email to let you know if the topic is accepted or not. Due dates for the project proposal and the project itself are noted in the course outline at the end of this syllabus.

Class Participation:

During class times students will have an opportunity to earn extra-credit points for class participation. Some class sections will begin with a short quiz based on the material discussed in the last class. During the class sections, I will give you some problems for you to work on in class. You can earn points when you provide appropriate answers for those questions and problems.

Tokens will be handed out to students who ask relevant questions or make substantive comments during class. The instructor will be the sole judge of the appropriateness of comments. Students can earn **up to two tokens per class session**. Students are free to participate after they have earned the maximum number of tokens for that class. Tokens must be turned in at the end of class. Each token worth 0.05 points.

Each point worth 1% of the final grade. If the total points you earn for the whole semester are over 5 (5% of the final grade), the extra points will be treated as bonuses.

Homework:

Homework will be assigned several times during the semester. The questions in homework will give you a good idea of what types of questions will be tested in the exams.

Midterms:

Midterm dates are set and are not subject to change. No make-up midterm exams will be given. If you have to miss an exam, you need to provide a documented serious reason in advance, which will be subject to my approval. If approved, the weight of the exam you missed will be distributed evenly across the remaining exam(s). Without prior communication or approval, you get a score of zero on the exam you miss.

Final Exam:

The cumulative final exam is on Monday, May 7, at 9:00am in Morgan 307.

Grades:

Exam 1 (20%), Exam 2 (20%), Final Exam (25%), Project (20%), Homework Assignments (10%), Class Participation (5%)

Letter Grade Distribution:

≥ 93.00	A	[77.00, 79.99]	C+
[90.00, 92.99]	A-	[73.00, 76.99]	C
[87.00, 89.99]	B+	[70.00, 72.99]	C-
[83.00, 86.99]	B	[60.00, 69.99]	D
[80.00, 82.99]	B-	≤ 59.99	F

APEX:

Students should inform me of documented, special accommodation needs with regards to taking exams, as early in the semester as possible. All discussions will remain confidential. Contact the Learning Center to arrange exam accommodations and to enquire about other student resources.

Ethics:

Violations of the College's code of ethics (e.g. plagiarism or cheating) will be reported to the Dean of the Faculty and have the potential of serious punishment.

Reading:

Reading the relevant lecture notes and/or chapters before class will facilitate your in-class understanding and is therefore recommended. The following reading list is subject to change. Check frequently the Moodle course page for revisions.

Week of	Chapter #	Short Description
Jan 15	1	Corporate finance and the financial manager
Jan 22	3	Time value of money
Jan 29	4, 5	Time value of money; Interest rates
Feb 5	6	Bonds
Feb 12	8	Investment decision rules
Feb 19	2	Exam 1 on Monday, Feb 19; FSA (review BUEC 119)
Feb 26	9, 7	Capital budgeting; Stock valuation
Mar 5	10, 11	Stock valuation (continued); Risk and return
<i>Spring Break</i> (Mar 10 to Mar 25)		
Mar 26	12	Systematic risk and the equity risk premium
Apr 2	13	Cost of capital; Project proposal due on Friday, Apr 6
Apr 9	14	Exam 2 on Monday, Apr 9; Equity financing
Apr 16	15	Debt financing
Apr 23	16	Capital structure
Apr 30	17	Payout policy
Final Project due on Friday, May 4 by 4:00pm		
Final Exam on Monday, May 7 at 9:00am in Morgan 307		

