

CORPORATE FINANCE

FIN 300
Summer 2017

Instructor: Mike Farrell	Time: MTWRF 10:00 am – 12:00 pm
Email: michael.farrell@uky.edu	Place: B&E Room 171

Course Pages:

1. UK Canvas
2. My website: www.mikefarrell.com/fin300_home.html

Office Hours: After class, or by appointment. Location B&E 345 G.

Prerequisites: This course has the following prerequisites: ECO 201, ECO 202, ACC 201, ACC 202, MA 123, STA 291 or equivalent. Any student enrolled in this course not satisfying the prerequisites will be dropped from the class roll without further notice.

Required Material

- **Textbook:** Ross, Westerfield, and Jordan: Fundamentals of Corporate Finance (11th ed.).
- A financial calculator. (Preferably the Texas Instruments BA II Plus)

Additional Material

I will post additional notes and tutorials to my [website](#). These are designed to compliment the lectures and the textbook. **I strongly recommend that you read the textbook and attend every class.**

Course Objectives:

This course provides an introduction to corporate finance. This will give students both a theoretical and an applied exposure to the central topics of financial management. Particular focus will be paid to the investment, financing, and payout decision of the firm. In addition, there will be a brief introduction to financial markets.

By the end of the course, a successful student should understand:

- Basic asset valuation and various measures of return,
- The investment decision involving the evaluation and selection of value-adding projects,
- The financing decision regarding the financing of (value-adding) projects,
- The payout decision concerning the manner in which free cash flow is paid its owners,
- How to apply these concepts in a variety of real-world scenarios.

Tentative Course Schedule:

- █ Chapter 1: Introduction to Corporate Finance
- █ Chapter 2: Financial Statements, Taxes, and Cash Flow
- █ Chapter 3: Working with Financial Statements
- █ Review Session
- █ Exam 1: June 15, 2017

- █ Chapter 5: Introduction to Valuation: The Time Value of Money
- █ Chapter 6: Discounted Cash Flow Valuation
- █ Chapter 7: Interest Rates and Bond Valuation
- █ Review Session
- █ Exam 2: June 22, 2017

- █ Chapter 8: Stock Valuation
- █ Chapter 9: Net Present Value and Other Investment Criteria
- █ Chapter 10: Making Capital Investment Decisions
- █ Review Session
- █ Exam 3: June 29, 2017

- █ Chapter 12: Some Lessons from Capital Market History
- █ Chapter 13: Return, Risk, and the Security Market Line
- █ Chapter 14: Cost of Capital
- █ Review Session
- █ Exam 4: July 6, 2017

Assignments and Group Presentation:

There will be three assignments and one group presentation during the semester. The assignments are intended to apply the course material to real-world problems. They will each be due one week after they are assigned and will count for five points each. The group presentation will involve a summary of selected material to be presented in front of the class during the exam review session and will also count for five points.

Grades:

The final grade will result from the four exams, three assignments, and a group presentation. Exam dates are stated in the tentative course schedule and are subject to change according to the pace at which the material is covered. Assignments will be due one week after they are assigned. Since issues can arise for different people at different times, I put **extra weight on your best exam** score and less weight on your lowest score. (See calculation on the next page.)

The percentage grade is calculated as follows:

1 st Best Exam	25%
2 nd Best Exam	20%
3 rd Best Exam	20%
4 th Best Exam	15%
Assignment 1	5 %
Assignment 2	5 %
Assignment 3	5 %
Group Project	5 %
Total	100 %

Letter grades are assigned as follows:

A	90-100%
B	80-89%
C	70-79%
D	60-69%
E	0-59%

Make-up Exams:

Senate Rule 5.2.4.2 defines the following as acceptable reasons for excused absences: (a) significant illness of the student or of a member of the students; household or immediate family, (b) the death of a member of the students household or immediate family, (c) University-related trips, (d) major religious holidays, (e) other circumstances which the professor finds reasonable cause for absence. If you miss an exam for a university approved reason, you must provide notification in time and the instructor has the right to ask for appropriate verification for the excused absences in order for them to be considered excused. A grade of ZERO for the missed exam will be recorded for unexcused absence or failure to notify the professor of an excused absence properly or in time.

Requests for make-up exams must be sent to michael.farrell@uky.edu within 24 hours of the exam and must include proper documentation as well as a brief explanation of the issue.

Accommodations Due to Disability:

If you have a documented disability that requires academic accommodations, please notify me as soon as possible. In order to receive accommodations in this course, you must provide me with a Letter of Accommodation from the Disability Resource Center (725 Rose Street, Multidisciplinary Science Building, Suite 407, 2572754, jkarnes@email.uky.edu) for coordination of campus disability services available to students with disabilities. Please submit the letter as early as possible to allow time to schedule a makeup exam at the DRC.

Academic Integrity:

Lack of knowledge of the university's policy on academic integrity is not a reasonable explanation for a violation. Questions on this policy may be directed to the instructor. For more information, see https://www.uky.edu/Ombud/sr6.3_6.4_AcademicOffenseProcedures.pdf.

Professionalism:

Students are expected to act in a professional manner. Failure to respect one's peers will not be tolerated.