**Instructor**: Dr. Zafer Yuksel

**Office**: M-5-257

**Office Hours**: Th 12:00-5:00PM

**Class Meeting Day & Time**: Th 7:00-9:45 PM

**Office Phone**: 617-287-7671

**E-mail**: zafer.yuksel@umb.edu

**Class Location: Y03-3370**

**Course Description and Objectives:**

This course provides a rigorous treatment of the theory of finance. This is an advanced corporate finance course designed to cover a broad range of issues faced by corporate finance managers. It broadly covers: Investment decision of the firm: What assets should the firm invest in to create value? How do we measure the risk of these investments? Financing decisions of the firm and capital structure: How should the firm finance its assets? Debt vs. Equity? Firm’s payout policy: Dividends and other payouts

These are some (not all) of the major areas we will be looking at:

* Financial Statements
* Introduction to Valuation
* Interest Rate and Bond Valuation
* Stock Valuation
* Capital Investment Decisions
* Cost of Capital
* Financial Leverage and Capital Structure

**Course Material:**

**Required:** Ross, Westerfield, and Jordan, Fundamentals of Corporate Finance, McGraw Hill/Irwin, 10th Edition.

You can access the content of the book through “Connect”.

**Class Materials and PowerPoint Slides:**

You can access all class materials at [www.zaferyuksel.com](http://www.zaferyuksel.com)

**Calculator:**

A calculator that does **two variable statistic** (that is ) is needed for homework and exams. If you do not have one, I recommend the Texas Instrument BAII Plus or HP 10BII business calculators. They do everything you need to able to do, are user friendly, and are relatively inexpensive. They are the models of calculator that are authorized for use during CFA exam.

**Grading:**

|  |  |
| --- | --- |
| **Assignments** | **Points** |
| MIDTERM I | 20 |
| FINAL | 20 |
| POP-UP QUIZZES (3 to 5) | 10 |
| PROBLEM SETS (6 to 8) | 15 |
| INDIVIDUAL PROJECT | 15 |
| ASSIGNMENTS (3) | 15 |
| ATTENDANCE, PARTICIPATION, PUNCTUALITY, GENERAL DISPLAY OF MANNERS | 5 |
| **TOTAL** | **100** |

Grading is done on a relative basis (curve). The class curve is based on total points for the course.

**Datasets for Stock Valuation:**

1. **Compustat** is a database of U.S. and Canadian fundamental and market information on more than 24,000 active and inactive publicly held companies. It provides more than 300 annual and 100 quarterly Income Statement, Balance Sheet, Statement of Cash Flows, and supplemental data items. To value a firm, we will obtain financial information of a firm from **Compustat** database.
2. The Center for Research in Security Prices, often known by its acronym **CRSP**, maintains security price, return, and volume data for the NYSE, AMEX and NASDAQ stock markets. In this class, we will obtain stock prices from **CRSP** database.

**Exams**:

You will be required to take two exams. All of those are closed book and closed notes exams. All exams will focus more on the recent material covered in the class. However, they will be comprehensive (i.e. cumulative). Makeup exams, for **well documented medical reasons** (the doctor’s note should say you should be excused from the exam because of sickness), will be composed of essays and problems.

**Assignments:**

The material covered is complex and requires readings from textbook. You are required to read the chapter covered in class before the lecture. You will have assigned 3 assignments.

**Problem Sets and Quizzes:**

Over the course of the semester, each student will complete 6-8 problem sets assigned via *Connect*. The custom textbook contains *Connect* registration code to access problem sets. Please follow the link to register *Connect* for the problem sets: (*http://connect.mheducation.com/class/h-yuksel-ross-fundamentals-of-corporate-finance-11e---prebuilt-instructor-course*)

The 8 to 10 problem sets will be released as the class progresses. You are allowed two attempts to complete each problem set before deadline and your best grade will be recorded. Problem sets that are not submitted on time will get a mark of zero, without exception. Be sure to make note of due dates. *The average grade of 6 to 8 problem sets with the highest grade will account for the final grade - 2 problem sets with the lowest grades will not affect your final grade.*

In addition to problem sets, 3 to 5 unannounced quizzes will be administered in class when deemed appropriate. The goal is to maximize the efficiency of the time spent in class. The lowest score will be dropped at the end of the class.

**Class Attendance:**

Each student is expected to attend ALL scheduled class meetings for the entire duration of the class meeting. Materials presented in class are not limited to the textbook. Regular presence of classroom may have a significant impact on your chances to succeed in this class. You will be responsible for anything covered in this class, even if you are not in attendance that day.

I will take daily attendance at the end of the class. 5% of your grade is based on attendance and participation. I reserve the right to reduce a student’s grade due to excessive absences from class, a lack of attentiveness in class.

**Computer and Cell Phone Policy:**

Do not have your cell phone or laptop out during the class. Turn them off and put them away for the duration of the class. If they are being used during the class, your grade for course will be reduced. If you have an emergency situation in which you need to have access to cell phone, let me know about it BEFORE class begins.

**Student Behavior:**

As a student taking coursework in this College, you have an obligation to maintain the highest standards of ethical conduct. You are expected to follow regulations and procedures regarding Academic Standards, Cheating, Plagiarism, and the Documentation of Written Work (http://www.umb.edu/administration/student\_affairs/dean/judicial/csc.html).  Students caught cheating or plagiarizing will, at the discretion of the instructor, flunk either the assignment in question or the course and will have a description of the incident attached to his or her academic records.

The reason for requiring the highest standards of ethical conduct is to ensure fairness, honesty and integrity in the evaluation of student performance. Evaluation of student performance should not be invalidated by students intending or attempting to misrepresent the skill, achievement or ability of either themselves or others.

**Disabilities:**

If you have a disability and feel you will need accommodations in order to complete course requirements, please contact the Ross Center for Disability Services (M-1-401) at (617) 287-7430. For more information see: <http://www.rosscenter.umb.edu/>

**Class Schedule:**

|  |  |  |  |
| --- | --- | --- | --- |
| **L#** | **Date** | **Topics** | **Reading** |
| **1** | September 7 | Syllabus  Introduction to Corporate Finance  Financial Statements, Taxes, and Cash Flow | RWJ Chapter 2 and 3 |
| **2** | September 14 | Introduction to Valuation: The Time Value of Money (self-reading)  Discounted Cash Flow Valuation (Review of time value of money) | RWJ Chapter 5 and 6 |
| **3** | September 21 | Discounted Cash Flows Valuation | RWJ Chapter 6 |
| **4** | September 28 | Interest Rate and Bond Valuation | RWJ Chapter 7 |
| **5** | October 5 | Stock Valuation | RWJ Chapter 8 |
| **6** | October 12 | Net Present Value (NPV) and Other Investment Criteria | RWJ Chapter 9 |
| **7** | October 19 | Net Present Value (NPV) and Other Investment Criteria | RWJ Chapter 9 |
| **8** | October 26 | Review for Midterm  **Midterm Exam I** |  |
| **9** | November 2 | Making Capital Investment Decisions | RWJ Chapter 12 |
| **10** | November 9 | Return, Risk, and the Security Market Line | Special Topic |
| **11** | November 16 | Case Discussion I (Case Study is due)  Cost of Capital | RWJ Chapter 14 |
| **12** | November 30 | Cost of Capital  Raising Capital | RWJ Chapter 14, 15 |
| **13** | December 7 | Financial Leverage and Capital Structure Policy  Dividends and Payout Policy (if time permits)  Case Discussion II (Case Study is due)  Final Review | RWJ Chapter 16, 17 |