



DEPARTMENT OF BUSINESS AND OFFICE ADMINISTRATION

COURSE OUTLINE – WINTER 2016

FN 3700 Introduction to Corporate Financial Management 3 (3-0-0) UT 45 Hours

INSTRUCTOR: Dr. Chuntai Jin **PHONE:** (780)539-2857
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OFFICE HOURS: Tuesday and Thursday, 1:30-3:00 pm.

CALENDAR DESCRIPTION:

This course provides a general corporate framework for financial decision making. The course examines types of securities, basic methods of valuation, valuation and selection of physical and intellectual assets, operation of asset markets, market efficiency, risk measures and risk reduction methods, financing policy, including choices between debt and equity financing.

PREREQUISITE(S)/COREQUISITE:

ST 1510 and AC 3110

REQUIRED TEXT/RESOURCE MATERIALS:

1. J. Berk, P. DeMarzo, and D. Stangeland, *Corporate Finance*, 3rd Canadian Edition, Pearson Canada, 2015.
2. Financial Calculator:
 - Texas Instruments: TI-BA II Plus or TI-BA II Plus Professional.
 - Hewlett Packard financial calculators: HP-10BII, HP-12C or higher level HP calculators.
3. *MyFinanceLab* Access Code:

MyFinanceLab software allows students to practice course material without limit. The software will also help you identify topics you still need to work on and will create a personalized study plan. Furthermore, you are required to complete a series of online homework assignments and quizzes in *MyFinanceLab*. You will need a code to access *MyFinanceLab*. There are two ways to acquire an access code:

 - A code is included with the purchase of a new textbook. New textbook may be purchased from the Book Store.
 - Students not wishing to use a new hardcopy of the textbook may instead purchase E-text along with the access code from the following website.

<http://catalogue.pearsoned.ca/educator/product/Corporate-Finance-Third-Canadian-Edition-Plus-NEW-MyFinanceLab-with-Pearson-eText-Access-Card-Package-3E/9780133552683.page>

DELIVERY MODE(S):

For each topic listed, there will be a classroom lecture/discussion and a demonstration of related applications. I will assign relevant textbook readings and problems to test your knowledge, understanding and application of the material. You may supplement your studying with *MyFinanceLab*.

COURSE OBJECTIVES:

This course introduces students to the fundamentals of finance and presents theories and tools to be used in addressing corporate finance problems and issues. The following topics will be addressed in this course: time value of money, capital budgeting, investment decision rules, capital structure, capital asset pricing model, options, and so on.

LEARNING OUTCOMES:

Upon completion of this course students should be able to:

- Define and compute the present value and future value of a payment for one or more time periods.
- Describe different types of bonds and their main features.
- Understand the relationship between the price, yield to maturity (YTM), coupon rate, and term to maturity of a bond.
- Estimate the value of a share of common stock based on different valuation models.
- Describe different investment decision rules including NPV, IRR, and PI.
- Explain capital budgeting analysis.
- Explain what the cost of capital represents and why it is so important.
- Understand risk, return, and capital market theory.

TRANSFERABILITY:

FN 3700 is transferable to the following Alberta Colleges and Universities:

- Athabasca University: FNCE 370 (3)
- Concordia University College of Alberta: BUS 3xx (3)
- King's University College, The: BUSI 370 (3)
- MacEwan University: FNCE 301 (3)
- University of Alberta: FIN 301 (3) OR AUOption 2xx (3)
- University of Calgary: FNCE 341 (3)
- University of Lethbridge, The: MGT 3040 (3)

Students can also refer to the Alberta Transfer Guide at

<http://alis.alberta.ca/ps/tsp/ta/tbi/onlineSearch.html?step=5&>

** A grade of D or D+ may not be acceptable for transfer to other post-secondary institutions.

Students are cautioned that it is their responsibility to contact the receiving institutions to ensure transferability. Students are therefore *strongly advised* to check with the receiving institution regarding transferability.

EVALUATIONS:

Assignments (best 10).....available on <i>MyFinanceLab</i>	15%	
Quizzes (best 8)	15%	
Midterm Exam 1	Tuesday, Feb 9	20%
Midterm Exam 2	Thursday, Mar 10	20%
Final Exam.....	Location and time TBA	30%

ASSIGNMENT, QUIZ, TEST AND EXAM POLICIES:

- Assignments (homework) and quizzes will be available throughout the term. You can access them through *MyFinanceLab*, which requires your registration (see instructions on P6). Pay attention to the assignments' and quizzes' start and due dates and times. Late assignments and quizzes will not be accepted. Check for course announcements on Moodle regularly.
- Two midterm exams are tentatively scheduled for **Feb. 9, 2016** and **Mar. 10, 2016**. Do not plan activities or trips outside of your college studies on these 2 days. No makeup exam for the midterm will be given. A student who misses the midterm exam for a legitimate reason (e.g., illness) will have the weight of the midterm added to the final exam. Students are not allowed to miss the midterm exam unless a valid medical excuse is provided. A grade of zero will be given to a missed examination without a legitimate reason. Students with valid medical excuses must obtain a doctor's certification that the student's condition is severe enough to prevent the student from taking the examination or test.
- Both midterm and final exams will be closed book except as follows: a one-sided 8.5" x 11" sheet with anything **hand written** on it can be taken into the midterm and a two-sided 8.5" x 11" sheet can be taken into the final. Formula sheets must be hand written. No word-processed or photocopied material is allowed on your formula sheet. Improper formula sheets will be confiscated.
- Final exam is cumulative and will be scheduled by the Registrar during the April exam period. Do not plan activities or trips outside of your college exams during this time period.
- Moodle: Important information, lecture notes and exam grades will be posted on Moodle. The grades posted on Moodle are not final, check your GPRC account for your final term grade.

GRADING CRITERIA:

Please note that most universities will not accept your course for transfer credit **IF** your grade is **less than C-**. This means **DO NOT GET LESS THAN "C-" IF YOU ARE PLANNING TO TRANSFER TO A UNIVERSITY.**

Alpha Grade	4-point Equivalent	Percentage Guidelines	Alpha Grade	4-point Equivalent	Percentage Guidelines
A+	4.0	90-100	C+	2.3	67-69
A	4.0	85-89	C	2.0	63-66
A-	3.7	80-84	C-	1.7	60-62
B+	3.3	77-79	D+	1.3	55-59
B	3.0	73-76	D	1.0	50-54
B-	2.7	70-72	F	0.0	00-49

COURSE SCHEDULE/TENTATIVE TIMELINE:

You will find that the course progresses quickly and the material covered builds on earlier material. It is important to stay current in your studies otherwise you will not understand the new material as it is presented. If you read the text in advance of the relevant classes, you will have a much better chance of keeping pace with the material.

Week	Topic	Chapter
Jan 7	Course outline (read it thoroughly!!!). Chapters 1 and 2 are self-study. The knowledge of material from Chapters 1 and 2 will be assumed; it will not be covered in class.	1,2 (self-study)
Jan 12 – 14	Arbitrage and Financial Decision Making	3
Jan 19 – Feb 2	Time Value of Money, Interest Rates	4, 4A, 5
Feb 9	Term Test 1	1-5
Feb 4 – 25	Valuation of Bonds and Stocks	6, 7
Mar 1 – 8	Capital Budgeting	8, 9
Mar 10	Term Test 2	6-9
Mar 15 – 24	Risk, Return, and Portfolio Theory	10, 11
Mar 29 – 31	Capital Asset Pricing Model (CAPM)	11, 12
Apr 5 – 7	Capital Structure	17, 18
Apr 12	Options	14
TBA	FINAL EXAM	Cumulative

Note: the above course schedule is approximate and may vary slightly at the discretion of the instructor.

STUDENT RESPONSIBILITIES:

- Each student is expected to come to class on time. Arriving late is disruptive to the entire class. The expectation for this course is that students have read the material and attempted the exercises and problems we will cover in class. Reading and practicing problems prepares you for classroom activities.
- Adopting and adhering to effective learning habits in this course will likely take up a great deal of time so plan your schedule accordingly. It is difficult to catch up once a student falls behind in readings and problems.
- The use of cell phones during class time is unprofessional and distracting to the instructor and fellow students. Texting during class is therefore strictly prohibited. Cell phones must be either *turned off* or set to *silent* mode.

STATEMENT ON PLAGIARISM AND CHEATING:

Cheating and plagiarism will not be tolerated and there will be penalties. For a more precise definition of plagiarism and its consequences, refer to the Student Conduct section of the College Admission Guide at <http://www.gprc.ab.ca/programs/calendar/> or the College Policy on Student Misconduct: Plagiarism and Cheating at www.gprc.ab.ca/about/administration/policies/**

**Note: all Academic and Administrative policies are available on the same page.

Student Registration Instructions for MyFinanceLab:

To register for **FN3700_Introduction to Corporate Financial Management**:

1. Go to www.pearsonmylabandmastering.com.
2. Under Register, select **Student**.
3. Confirm you have the information needed, then select **OK! Register now**.
4. Enter your instructor's course ID: **jin15247**, and **Continue**.
5. Enter your existing Pearson account **username** and **password** to **Sign In**.
 - You have an account if you have used a Pearson product, for example: MyMathLab, MyITLab, MyPsychLab, MySpanishLab or Mastering, such as MasteringBiology.
 - If you don't have an account, select **Create** and complete the required fields.
6. Select an access option.
 - Use the access code that came with your textbook or that you purchased separately from the bookstore.
 - Buy access using a credit card or PayPal account.
 - If available, get 14 days temporary access. (The link is near the bottom of the screen.)
7. From the confirmation page, select **Go To My Courses**.
8. On the My Courses page, select the course tile **FN3700_Introduction to Corporate Financial Management** to start your work.

To sign in later:

1. Go to www.pearsonmylabandmastering.com.
2. Select **Sign In**.
3. Enter your Pearson account **username** and **password**, and **Sign In**.
4. Select the course tile **FN3700_Introduction to Corporate Financial Management** to start your work.

To upgrade temporary access to full access:

1. Go to www.pearsonmylabandmastering.com.
2. Select **Sign In**.
3. Enter your Pearson account **username** and **password**, and **Sign In**.
4. Select **Upgrade access** from the course tile **FN3700_Introduction to Corporate Financial Management**.
5. Enter an access code or purchase access with a credit card or PayPal account.

For a registration overview, go to www.pearsonmylabandmastering.com/students/get-registered. Scroll down to **Need a little help?** and select a video.