

BUSI 408, Corporation Finance, Summer 2023

Instructor:	Zipei Zhu
Email:	zipei_zhu@kenan-flagler.unc.edu
Class Time and Location:	MTWRF 11:30 AM-1:00 PM McColl 3000
Office Hours:	W 2:00 PM-3:00 PM McColl 5th-Floor Conference Room ¹

Course Description

This course serves as the introductory course of finance. It provides students with an understanding of major decisions made by corporate financial managers and tools used to make these decisions. The main goal of this course is to help students understand the economic forces related to investment and financing decisions. Topics include Financial Statement Analysis, Capital Budgeting, Bond and Stock Valuation, Financing Investment, Firm Valuation, and Optimal Capital Structure.

Course Prerequisites

The following course or anyone comparable is recommended.

- ECON 310: Microeconomics: Theory and Applications
- Working knowledge of probability and statistics
- Working knowledge of excel spreadsheets (we will not use financial calculators!)

Textbook

We will use *Essentials of Corporate Finance*, by Ross, Westerfield, and Jordan. Any edition no earlier than the 10th will suffice.

Additional Readings

- *Wall Street Journal*. Student Subscription, \$4/Month: www.wsj.com/studentoffer
In class, we will have open discussions on the most recent financial news.
- Latest developments in the world of corporate finance <https://essentialsofcorporatefinance.blogspot.com/>

Grading

- 20%: Textbook Reading
 - o You will read each chapter of the textbook and submit your answers to the questions **before the due date.**
- 20%: Problem Sets
 - o One problem set will be provided after each chapter is covered. Your answers to the problem sets should be submitted **before the due date. You will have a second chance to submit your answers (after the first attempt is given feedback) if you are not satisfied with your score.**
- 60%: Exam. Whichever of the following formulas gives you a higher grade will be used
 - o 30% Midterm Exam + 30% Final Exam
 - o 60% Final Exam

The final exam covers all lectures throughout the semester. It is open-book, open note, but no internet is allowed. All cell phones and laptops should be in Airplane mode.

¹ The location is tentative. Get on the elevator to the fifth floor and you will see.

Policies (Please read carefully)

1. You are expected to attend each class. Class participants will follow and adhere to the UNC Honor Code, part of the Core Values of KFBS
2. **Exams MUST be taken at the scheduled time.** The only exceptions are those permitted by the exam excuse request or medical emergencies. Prior notice and hard evidence are required.
3. **Due dates and times for assignments are FINAL.** If you miss the deadline, there are no “grace” periods.
4. There is no extra credit work, so please try hard for the homework and the exam(s).
5. Letter grades are assigned on a **relative** basis.
6. We will try to follow the course schedule. Adjustments may be made, however.
7. Laptops and tablets are allowed only for taking notes or in-class Excel exercises.
8. Absolutely NO cell phones.

Tentative schedule

	Date	Topics
Lecture 1	5/17, 5/18	Introduction to Financial Management; Financial Statement, Taxes, and Cash Flow
Lecture 2	5/19, 5/22	Financial Statement, Taxes, and Cash Flow; Working with Financial Statements
Lecture 3	5/23, 5/24	The Time Value of Money; Discounted Cash Flow Valuation
Lecture 4	5/25, 5/26	Discounted Cash Flow Valuation; Interest Rates and Bond Valuation
Lecture 5	5/29, 5/30	Interest Rates and Bond Valuation
Lecture 6	5/31, 6/1	Equity Markets and Stock Valuation; Net Present Value and Other Investment Criteria
Lecture 7	6/2, 6/5	Net Present Value and Other Investment Criteria; Making Capital Investment Decisions
Lecture 8	6/6, 6/7	Review Session for Midterm Exam; Midterm Exam
Lecture 9	6/8, 6/9	Making Capital Investment Decisions; Some Lessons from Capital Market History
Lecture 10	6/12, 6/13	Some Lessons from Capital Market History; Risk and Return
Lecture 11	6/14, 6/15	Risk and Return; Cost of Capital;
Lecture 12	6/16, 6/19	Cost of Capital; Leverage and Capital Structure
Lecture 13	6/20, 6/21	Leverage and Capital Structure; Dividends and Dividend Policy
Lecture 14	6/22, 6/23	Final Exam Review; Final Exam

Honor Code

Integrity is one of UNC Kenan-Flagler Business School's core values. According to our statement of core values "we hold ourselves to the highest ethical standards." Violations of the honor code are totally inconsistent with this core value and are **simply unacceptable in any form**. Any violation of the honor code will result in an F in the course, regardless of any other grades received for the module.

In this class, an honor code violation would occur if you gave or received help on the individual assignments -- the take home problem set or take home final exam. An honor code violation would also occur if any assignment contained plagiarism. According to the university honor code, plagiarism is defined as "the intentional representation of another person's words, thoughts, or ideas as one's own." To avoid plagiarism, make sure you put in quotes and reference any direct copying of another individual's work. Also give credit and references for any "words, thoughts or ideas" that you paraphrase in your assignments. Each assignment should contain all relevant footnotes and a bibliography of all sources used in the assignment. Finally, for the group projects "unauthorized collaboration" is defined as getting help from someone outside your group (*be sure to note any exceptions*) or use in any way of a project from previous years that is closely related to your project. Individuals or groups covering the similar industries or firms may share research found on the web or in publications. Sharing insights, conclusions or intuition drawn from the research or data sources is also not allowed. If any part of this honor code statement is not clear, ask me for a clarification.
<https://studentconduct.unc.edu/>

Attendance Policy

You are expected to attend each class. As stated in the University's [Class Attendance Policy](#), no right or privilege exists that permits a student to be absent from any class meetings, except for these University Approved Absences:

1. Authorized University activities
2. Disability/religious observance/pregnancy, as required by law and approved by [Accessibility Resources and Service](#) and/or the [Equal Opportunity and Compliance Office](#) (EOC)
3. Significant health condition and/or personal/family emergency as approved by the [Office of the Dean of Students](#), [Gender Violence Service Coordinators](#), and/or the [Equal Opportunity and Compliance Office](#) (EOC).

UNC Kenan-Flagler Syllabus Wellness Statement

As a student, you may experience a range of challenges that can interfere with learning, such as strained relationships, increased stress and anxiety, substance use, feeling down, difficulty concentrating and/or lack of motivation. You may experience these challenges and others to an increased degree considering the things happening nationally and globally during this time. Unaddressed, these challenges have the capacity to diminish your overall well-being, academic performance, and/or reduce your ability to participate in daily activities.

Recognizing the signs and symptoms of mental or emotional health and wellness concerns can help you or others to seek care that can help. Here are some signs that may be reasons for concern:

1. Feeling hopelessness, worthlessness, depressed, angry or guilt

2. Withdrawal from friends, family, and activities that used to be fun
 3. Changes in eating or sleeping patterns
 4. Feeling tired or exhausted all of the time (Remember: Zoom fatigue is real!)
 5. Trouble concentrating, thinking, remembering or making decisions
 6. Restlessness, irritability, agitation or anxious movements or behaviors
 7. Neglect of personal care
 8. Reckless or impulsive behaviors (e.g., drinking or using drugs excessively or being unsafe in other ways)
 9. Persistent physical symptoms (e.g., headaches, digestive problems or chronic pain) that do not respond to routine treatment
10. Thoughts about death or suicide*

Do your best to prioritize self-care in ways that are meaningful for you. This might include beginning (or maintaining) healthy habits, such as:

- eating well and routinely,
- engaging in physical activity consistently,
- developing a healthy and responsible relationship with alcohol and prescribed drugs,
- getting enough sleep, and
- carving out time daily to do something for yourself (that does not pertain homework or other assignments)

These behaviors are helpful for achieving your personal and academic goals and mitigating the harmful impacts of high levels of stress.

All of us benefit from support during times of struggle. There are many helpful resources available on campus and an important part of your college experience is learning when and how to ask for help. Asking for support sooner rather than later can be the key to thriving throughout your time in college, and beyond!

If you or anyone you know experiences any academic or personal stress, difficult life events, or feelings like anxiety or depression, we strongly encourage you to seek support. Please reach out to one of the following resources for support:

Felix Morton IV and Hannah Winslow, Counseling and Psychological
Wellness Specialist/Coaches
UNC Kenan-Flagler
Email: wellness@kenan-flagler.unc.edu
Phone: 919-962-9315
Coaching Sign-Up:
<https://unckf.titaniumhwc.com/>
Online Wellness Resources:
[Kenan-Flagler Online Wellness Toolkit](#)

Services (CAPS)
Location: James A. Taylor Building,
320 Emergency Room Dr.
Office Hours Phone: 919-966-3658
(8:00a – 5:00p)
After Hours Phone: 919-966-2281
Email: caps@unc.edu

National Crisis Hotlines
National Suicide Prevention
Lifeline: 1-800-273-8255
Crisis Text Line: Text 741741

Title IX

Any student who is impacted by discrimination, harassment, interpersonal (relationship) violence, sexual violence, sexual exploitation, or stalking is encouraged to seek resources on campus or in the community. Reports can be made online to the EOC at <https://eoc.unc.edu/report-an-incident/>. Please contact the University's Title IX Coordinator (Elizabeth Hall, interim –

titleixcoordinator@unc.edu), Report and Response Coordinators in the Equal Opportunity and Compliance Office (reportandresponse@unc.edu), Counseling and Psychological Services (confidential), or the Gender Violence Services Coordinators (gvsc@unc.edu; confidential) to discuss your specific needs. Additional resources are available at safe.unc.edu.

Accessibility Resources and Services

The University of North Carolina at Chapel Hill facilitates the implementation of reasonable accommodations, including resources and services, for students with disabilities, chronic medical conditions, a temporary disability or pregnancy complications resulting in barriers to fully accessing University courses, programs and activities.

Accommodations are determined through the Office of Accessibility Resources and Service (ARS) for individuals with documented qualifying disabilities in accordance with applicable state and federal laws. See the ARS Website for contact information: <https://ars.unc.edu> or email ars@unc.edu.