

Course Code & No. - Section:	BFIN 351
Course Title (Credits):	Principles of Corporate Finance (3)
Term & Year:	Fall / 2015
Course Ref. No. (CRN):	80066
Instructor:	Rick Winfield, BA, MBA
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Office:	TCES 2 nd Floor
Office Hours:	MW 10:00-11:00 a.m. & T 10:00-2:00 p.m.
Class Meeting Time:	TR 4:00 - 5:15 p.m.
Location:	PA 207
Prerequisites (from Catalog):	ACCT 204 and ACCT 205
Corequisites (from Catalog):	None

Course Description

This course provides a comprehensive introduction to financial management in the organization. The course covers topics such as risk and return, cost of capital, working capital management, capital budgeting, securities valuation, and dividend policy. The lectures, homework, exams and individual presentations are designed to teach the financial concepts requisite to financially analyze and manage a business.

Student Outcomes

Upon successful completion of this course, a student will be able to:

1. Understand the relationship between risk and return.
2. Evaluate a publicly traded company's financial performance utilizing ratio analysis.
3. Articulate the difference between operating and financial leverage.
4. Deliver a professional financial analysis presentation using advanced spreadsheet techniques.
5. Calculate present values and future values of single amounts and annuities.
6. Evaluate multiple real-life scenarios involving the time value of money.
7. Value stocks and bonds and calculate the cost of a firm's capital.
8. Calculate the net present value and internal rate of return of competing investment alternatives.
9. Understand the sources of short-term and long-term financing options.

Methods of Assessing Student Outcomes

Student performance will be assessed using the following:

1. Problem sets and case study analysis;
2. Individual company financial report;
3. Group company financial presentation;
4. Closed book midterm exam; and
5. Closed book final exam. The final examination date is **not** negotiable; students need to plan their Winter break accordingly.

Instructional Strategies

This class will utilize the "flipped classroom" format. Students will be required to watch video lectures (~20-40 minutes) before each class. Class time will be spent on Q&A and reviews of the video lectures and readings (15 to 30 minutes) followed by working on problem sets, real world case studies, and spreadsheet exercises (45 to 60 minutes).

Required Texts and Materials

1. *Applied Corporate Finance*; Fourth Edition, Aswath Damodaran; Wiley; (c) 2014; ISBN: 1118808932

Attendance

Formal attendance will not be taken in class. Class time will primarily be spent working on problem sets, exercise, and case studies, which must be handed in the week after they are assigned.

Class Requirements

All students are required to bring a laptop computer to each class meeting with Microsoft Excel installed. Cell phones and pagers must be turned off or set to 'silent mode.'

Sanctions for Cheating and/or Plagiarism**The Honor Code**

The faculty of SNC believes students must be held to high standards of integrity in all aspects of college life in order to promote the educational mission of the College and to encourage respect for the rights of others. Each student brings to the SNC community unique skills, talents, values and experiences which, when expressed within the community, contribute to the quality of the educational environment and the growth and development of the individual. Students share with members of the faculty, administration and staff the responsibility for creating and maintaining an environment conducive to learning and personal development, where actions are guided by mutual respect, integrity, responsibility and trust. The faculty and students alike must make diligent efforts to ensure high standards are upheld by their colleagues and peers as well as themselves. Therefore faculty and students accept responsibility for maintaining these standards at Sierra Nevada College and are obligated to comply with its regulations and procedures, which they are expected to read and understand.

Consequences of Violating the Student Honor Code

SNC students and faculty share the responsibility for maintaining an environment of academic honesty. Thus, all are responsible for knowing and abiding by the SNC Faculty/Student Honor Code published in the current SNC Catalog. Faculty are responsible for presenting the Honor Code and the consequences of violating it to students at the start of their classes AND for reporting all incidences of academic dishonesty to the Provost. Students are responsible for knowing what constitutes CHEATING, PLAGIARISM and FABRICATION and for refraining from these and other forms of academic dishonesty. Violations of the Honor Code become part of a student's academic record.

1st Offense: Student receives a zero for assignment/exam and counseling with faculty on the honor code, consequences for violating the honor code, and the value of academic honesty in learning.

2nd Offense: Student fails course and receives counseling with faculty on the honor code, consequences for violating the honor code, and the value of academic honesty in learning.

3rd Offense: Student is expelled.

Grading Policy

Grades will be based on the following breakdown:

- 1) Problem Sets and Case Studies – 30%
- 2) Individual Company Financial Report – 25%
- 3) Group Company Financial Presentation – 5%
- 4) Midterm Exam – 20%

5) Final Exam – 20%

ADA Accommodations

In accordance with the Americans with Disabilities Act and Section 504 of the Rehabilitation Act of 1973, students with a documented disability are eligible for support services and accommodations. If a student wishes to request an accommodation, please contact the Director of Academic Support Services, Henry Conover, at (775) 831-1314 x7534, hconover@sierranevada.edu, office in Prim Library: PL-304.

The SNC Email System

The SNC email system is the official communication vehicle among students, faculty members and administrative staff and is designed to protect the confidentiality of student information as required by the Family Educational Rights and Privacy Act of 1974 Act (FERPA). Students should check their college email accounts daily during the school year.

Students have a right to forward their SNC e-mail to another e-mail account (for example, @hotmail or @gmail). However, confidentiality of student information protected by FERPA cannot be guaranteed for SNC e-mail forwarded to an outside vendor. Having email redirected does not absolve a student from the responsibilities associated with official communication sent to his or her SNC email account.

The Sierra Nevada College Mission Statement:

Sierra Nevada College graduates will be educated to be scholars of and contributors to a sustainable world. Sierra Nevada College combines the liberal arts and professional preparedness through an interdisciplinary curriculum that emphasizes entrepreneurial thinking and environmental, social, economic and educational sustainability.

The Core Themes:

Liberal Arts	Professional Preparedness
Entrepreneurial	Thinking Sustainability

Class Schedule

8/18	Course Overview What is corporate finance? The Objective in Decision Making I: Utopia and Let Down ACF: Preface & Chapter 1
8/20	The Objective in Decision Making II: Reality and Reaction ACF: Chap 2
8/25	Hurdle Rates I: Defining and Measuring Risk Hurdle Rates II: Risk free Rates Accounting Review ACF: Chap 3 & Appendix
8/27	Hurdle Rates III: Equity Risk Premium Basics Accounting Review (Cont.) & The Time Value of Money ACF: Chap 3 & Appendix
9/1	Hurdle Rates IV: Implied, Country and Company ERP Hurdle Rates V: Regression Betas

	The Time Value of Money ACF: Chap 4 & Appendix
9/3	Hurdle Rates VI: Beta Fundamentals ACF: Chap 4
9/8	Hurdle Rates VII: Bottom up Betas - Basics Hurdle Rates VIII: Bottom up Betas - Extensions ACF: Chap 4
9/10	Hurdle Rates IX: Debt and its Cost ACF: Chap 4
9/15	Hurdle Rates X: Weights & Cost of Capital Investment Returns I: Setting the Table ACF: Chap 5
9/17	Investment Returns II: Getting to time-weighted cash flows ACF: Chap 5
9/22	Investment Returns III: Wrapping up loose ends Optimal Financing Mix I: The trade off ACF: Chap 6 & 7
9/24	Optimal Financing Mix II: The cost of capital approach ACF: Chap 7 & 8
9/29	Optimal Financing Mix III: Following up the cost of capital approach Optimal Financing Mix IV: Wrapping up the cost of capital approach ACF: Chap 8
10/1	Optimal Financing Mix V: Alternate Approaches ACF: Chap 8
10/6	Midterm Review ACF Chap 1 through 8
10/8	Midterm Test In class, closed book
10/13	Moving to Optimal Financing Mix The Right Type of Financing ACF: Chap 9
10/15	Dividend Policy: Trends & Measures ACF: Chap 10
10/20	Dividend Policy: The Trade off Dividend Policy: Assessment ACF: Chap 10 & 11

10/22	<u>Dividend Policy: Action and follow up</u> ACF: Chap 11
10/27	<u>Dividend Policy: End Game</u> <u>Valuation: First Steps</u> ACF: Chap 11 & 12
10/29	<u>Valuation: Cash flows & Discount Rates</u> ACF: Chap 12
11/03	<u>Valuation: Future Growth</u> <u>Valuation: Terminal Value</u> ACF: Chap 12
11/05	<u>Valuation: Loose Ends</u> ACF: Chap 12
11/10	<u>Valuation: The value of control</u> <u>Valuation: It is all relative</u> ACF: Chap 12
11/12	<u>Corporate Finance: Closing Thoughts</u> OPEN We will use this day for catch-up, review, and Q&A regarding presentations
11/17	Company Finance Presentations
11/19	Company Finance Presentations
11/24	Thanksgiving Week NO CLASS
11/26	Thanksgiving Week NO CLASS
12/1	Final Exam Review
12/3	Final Exam Review
12/11	EXAM 3pm – 6pm (ABSOLUTELY NO EXCEPTIONS/NO RESCHEDULE)