

FNCE 100: CORPORATE FINANCE

Sections 003, 004, 005

The Wharton School, University of Pennsylvania

Fall 2015

SH-DH 1206

Course description

The purpose of this course is to introduce techniques of financial analysis, with applications to Corporate finance. The concepts developed in Finance 100 form the foundation for all elective finance courses. The main topics covered include (1) the time value of money and the net present value (NPV) rule; (2) valuation of bonds and stocks; (3) capital budgeting decisions; (4) uncertainty and the trade off between risk and return; (5) corporate financing decisions; and (6) options.

Professor

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Course materials

- Required: Course notes, links to relevant articles and past exams will be available on CANVAS.
- The required book for this course is entitled: **Corporate Finance FNCE 100**, by Koskinen, ISBN 978-130850794-1 and is only available from the UPENN bookstore. It includes only the chapters from **Corporate Finance 10/e** by Ross you'll be responsible for and a pre-paid 20 digit Connect code number in the back. Once you register for Connect at the URL below you will have access to the e-book (Smart book), electronic homework and an adaptive study tool (Learn Smart). Be sure to purchase the correct custom book as the other sections of FNCE 100 use a

different custom book also published by McGraw-Hill. Directions to register for Connect are below.

Alternatively, if you're comfortable with learning from an eBook you can purchase it online, at the specific URL below for \$125. Once purchased, you'll see an option to purchase the standard 4 color, loose-leaf version of the Ross, Westerfield and Jaffe **Corporate Finance 10/e** text book for an additional \$40, directly from McGraw-Hill.

- A scientific or business calculator. It will be necessary for your calculator to have a x^y function. For your homework assignments it is good to have access to Excel.

Registering for Connect

Connect is McGraw-Hill's online assignment and assessment software you'll use to complete the graded homework assignments, work on ungraded practice problems and utilize their Learnsmart and adaptive ebook (Smart book) to better understand the chapter concepts.

To register for Connect, copy and paste the URL below into a new browser window. Registration opens on the first day of our class on August 26.

<http://connect.mheducation.com/class/y-koskinen-fall-2015>

Click "**register now**", and enter your e-mail. If you've used Connect in a previous course or concurrently in another one use that same e-mail address and password. If you purchased the custom book from the book store enter the 20 digit Connect code from the back of the book in the appropriate boxes, click "**submit**" and complete the registration process. You'll have Connect access for 180 days.

If you're comfortable with using just the e-book, select "**buy online**" and select the "**Connect**" option.

If you're not sure you intend to stay in the course you can select "**courtesy access**". This provides complimentary access to homework assignments, practice problems and Smart book (eBook) for 2 weeks at the end of which you'll need to purchase Connect for \$125.

If you encounter any issues registering you'll need to contact McGraw-Hill's customer experience group at 1-800-331-5094 or <http://mpss.mhhe.com/>

Grading policy and exams

Your grade for the course will be based on two midterm exams (worth 25% each for your course grade), final exam (40%) and Connect homework assignments (10%). The midterms are non-cumulative, but the final exam is cumulative. You will be allowed one double-sided page of notes for the quizzes and two double-sided pages of notes for the final exam. All re-grade requests must be made within one week of the day the exams are returned. Any exam submitted for re-grading will be subject to a complete re-grading. As a result, your grade may increase, stay the same, or decrease. Class participation may help to determine your grade if you are on the margin between grades.

Exam schedule:

- Mid-term Exam I is on Wednesday, September 30 from 6pm to 7.30pm
- Mid-term Exam II on Wednesday, November 4 from 6pm to 7.30pm

- The final exam is on Thursday, December 17 from 6pm to 8pm

Class policies and rules

- Attendance: Attendance is strongly encouraged but not monitored. While attendance is not required, you are responsible for all the material covered in class, as well as any announcements pertaining to the class that may not be included in the lecture slides. Given tight space constraints, it is important that you always attend the classes for the section for which you are registered. If an emergency arises, I may be able to make an exception and allow you to attend the class for another section for one session. This must be cleared with me beforehand by email. All cell phones and electronic devices must be turned off and out of sight during class.
- Academic Integrity: I expect you to follow Penn's code of academic integrity when completing assignments and exams. Cheating in any form is completely unacceptable. Allegations of impropriety should be brought directly to my attention. For more, see <http://www.upenn.edu/academicintegrity/>

Tentative Schedule

RWJ refers to chapters in Ross-Westerfield-Jaffe, Corporate Finance, 10th edition. Class meets in SH-DH 1206.

| Class | Date | Topic | Readings |
|-------|--------------|----------------------------------------------|----------|
| 1 | Wed, Aug 26 | Introduction | RWJ 1-3 |
| 2 | Mon, Aug 31 | Discounting | RWJ 4 |
| 3 | Wed, Sept 2 | Discounting | RWJ 4 |
| 4 | Wed, Sept 9 | Bond valuation | RWJ 8 |
| 5 | Mon, Sept 14 | Bond valuation | RWJ 8 |
| 6 | Wed, Sept 16 | Stock valuation | RWJ 9 |
| 7 | Mon, Sept 21 | Stock valuation | RWJ 9 |
| 8 | Wed, Sept 23 | NPV and other investment rules | RWJ 5 |
| 9 | Mon, Sept 28 | Mid-term Review | |
| 10 | Wed, Sept 30 | No regular class Mid-term I 6pm-7.30pm | |
| 11 | Mon, Oct 5 | Capital Budgeting | RWJ 6 |
| 12 | Wed, Oct 7 | Capital Budgeting | RWJ 6, 7 |
| 13 | Mon, Oct 12 | Risk and return | RWJ 10 |
| 14 | Wed, Oct 14 | Capital asset pricing model | RWJ 11 |
| 15 | Mon, Oct 19 | Capital asset pricing model | RWJ 11 |
| 16 | Wed, Oct 21 | Capital asset pricing model | RWJ 11 |

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| 17 | Mon, Oct 26 | Risk and cost of capital | RWJ 13 |
| 18 | Wed, Oct 28 | Market efficiency | RWJ 14 |
| 19 | Mon, Nov 2 | Mid-term Review | RWJ 15 |
| 20 | Wed, Nov 4 | No regular class Mid-term II 2 6pm-7.30pm | |
| 21 | Mon, Nov 9 | Capital structure | RWJ 16 |
| 22 | Wed, Nov 11 | Capital structure | RWJ 17 |
| 23 | Mon, Nov 16 | Capital structure | RWJ 17 |
| 24 | Wed, Nov 18 | Valuation with leverage | RWJ 18 |
| 25 | Mon, Nov 23 | Options | RWJ 22 |
| 26 | Mon, Nov 30 | Options | RWJ 22, 23 |
| 27 | Wed, Dec 2 | Options | RWJ 23 |
| 28 | Mon, Dec 7 | Final exam review | |