Prerequisites:

BUS 101

Course Description:
The course is segmented into modules that highlight the primary decision making areas faced by a senior financial officer. The course involves both domestic and international situations. An integral part of the course is the integration and application of frameworks developed in your prerequisite business courses, as well as others in your Core curriculum. The major topics are as follows:

2. Understanding financial markets, securities and options for raising capital and determining and optimal capital structure.
3. Minimizing the cost of capital and setting financial goals and targets.
4. Valuation of long-term investments and businesses

Throughout the course, the task of assessing and controlling risks will be a recurring topic.

Textbook:

Corporate Finance, 10e by Ross, Westerfield, & Jaffe

Print Options: Buy new (~$200+), used (~$150+) on store/web, or by custom (~$90) in print

Additional Readings - Highly Recommended

- Wall Street Journal
  - Student Subscription, $1/week: www.wsj.com/studentoffer
- Regular reading of WSJ, Barron's, Fortune, and The Economist, and regular watching of CNBC, FNN or MSNBC will be necessary to get the full benefit of the class. Classroom time will be allocated for open discussion on how the course material applies to current world-wide events.
- Books (should be on every Finance majors shelf):
  - Liars Poker, Michael Lewis
  - Capital Ideas, Peter L. Bernstein
  - A Random Walk Down Wall Street, Burton Malkiel

Other Resources:

Your book references many websites throughout the chapters that are useful in looking up financial information. We will review several resource areas, but it is your responsibility to get familiar with these and other financial sites like Google Finance, MSN Finance, Yahoo Finance. The UNC physical and online library also has a wealth of resources available (Investext, Institutional Investor, CFO Magazine, S&P, etc). Get familiar with it: http://www.lib.unc.edu/
## BUSI408 Topics & Schedule

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<th>Week</th>
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<th>Date</th>
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<th>Text Reading</th>
<th>HW: Text Questions &amp; Problems</th>
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<td>9-Jan</td>
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<td>RWJ 1</td>
<td>Q: 1, 3, 6, 10</td>
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<td>Time Value of Money</td>
<td>RWJ 4</td>
<td>Q: 1,3,5 / P: 1-5, 11-16</td>
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<td>Time Value of Money</td>
<td>RWJ 4</td>
<td>P: 25,27,30,38,44,51,57,66,67</td>
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<td>8</td>
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<td>Making Capital Investment Decisions</td>
<td>RWJ 6</td>
<td>Q: 1,2,4,5,7,9-12 / P: 2,3,5,9,10-13</td>
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<td>Risk Analysis in Capital Budgeting</td>
<td>RWJ 7 (to p218)</td>
<td>Q: 1-3 / P: 14-16</td>
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<td>25-Mar</td>
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<td>Making Capital Investment Decisions</td>
<td>RWJ 6</td>
<td>P: 15, 18, 21, 22, 24, 25, 34; Project #1 Assigned</td>
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<td>Mid-Term Exam Review</td>
<td>Review</td>
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<td>4-Mar</td>
<td>Tue</td>
<td>Mid-Term Exam (7-9p; all sections)</td>
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<td>Tuesday evening exam; no class on Tuesday</td>
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<td>No Class: (early) Spring Break</td>
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<td>Interest Rate &amp; Bond Valuation</td>
<td>RWJ 8</td>
<td>Q: 1,2,4,5,16,17 / P: 1,2,3</td>
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<td>Interest Rate &amp; Bond Valuation</td>
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<td>Stock Valuation</td>
<td>RWJ 9</td>
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<td>Stock Valuation</td>
<td>RWJ 9</td>
<td>P: 1, 2, 3, 5, 6, 14,16, 19, 20,24,27</td>
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<td>1-Apr</td>
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<td>RWJ 9</td>
<td>Review</td>
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<td>Stock Valuation</td>
<td>RWJ 9</td>
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<td>20</td>
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<td>Risk Return &amp; CAPM</td>
<td>RWJ 10,11</td>
<td>RWJ 10: Q: 1-5,9 / P: 1-3,9,10,13,15,21,22,28</td>
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<td>21</td>
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<td>Risk Return &amp; CAPM</td>
<td>RWJ 10,11</td>
<td>RWJ 11: Q: 1,2,4-7 / P: 1,2,4,9,12-17</td>
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<td>Cost of Capital</td>
<td>RWJ 13</td>
<td>Q: 1,6,10</td>
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<td>23</td>
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<td>Cost of Capital</td>
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<td>22-Apr</td>
<td>Tue</td>
<td>Capital Structure</td>
<td>RWJ16</td>
<td>Q: 1,5,7,8,10; P: 1,2,3,6,12,21; Project #2 Due</td>
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<td>24-Apr</td>
<td>Thu</td>
<td>Final Exam Review</td>
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### Grading

**Mid-Term Exam**  
(Tuesday, March 4th, 7-9p in Koury)  
700 points

**Final Exam**  
(Tuesday, April 29th, 4-6p in Koury)  
700 points

**Group Projects (Two)**  
400 points

**Quizzes, Attendance, Participation**  
200 points

**Total**  
2000 points

## Grade Policy and Reporting

Grading is done on a **relative (not absolute) basis**. Grade distributions will be consistent with other Core courses in Kenan-Flagler Business School.
ATTENDANCE & CLASSROOM CONTRIBUTION
All students are expected to be present and prepared for each class. Attendance is taken directly in each lecture and also indirectly, randomly, via in-class submitted assignments. However, if you are unable to attend class (e.g., illness, family crisis), you are expected to inform your instructor via e-mail. Absences, particularly absences without notification, or unjustified absences, may have a negative impact on your class attendance and class contribution grade. Lack of preparation may also lower your class contribution grade.

The daily classroom discussion represents a unique opportunity for you to develop and enhance your confidence and skill in articulating a personal position, reacting "on the spot" to new ideas and receiving and providing critical feedback from a group of assertive and demanding colleagues.

The grade assigned for your classroom contribution reflects the value of your input to the classroom learning. Class contribution can take many forms including a good assessment of the problem, identification of imaginative yet realistic solutions to the problem, a carefully thought out analysis of alternatives or an effective strategy for implementation of the alternative chosen. A contribution can also be achieved through a level of questioning that causes the class to rethink its analysis and position. Emphasis will be placed on the quality of contribution. Valued contributions include starting a class in a useful way, in-depth analysis, and pointing out a key lesson to be learned from a case.

To facilitate this interaction, everyone will be REQUIRED to have name placards and display them in class. This serves multiple purposes, primarily 1) to aid the instructor in learning your names, 2) to facilitate random selection open calls during class. Not having your name placard, in addition to highlighting you did not follow instructions, will INCREASE the likelihood of getting called on!

HOMEWORK
Questions (Q) and Problems (P) have been assigned from each text chapter we cover. We will cover some problems in class, but more problems have been assigned than we’ll cover. These are for you to do on your own to keep pace with the course topics, and to check your understanding of the material. It is imperative that you work problems to help you apply and masters the principles we’ll be covering. Solutions will be posted as we go along through the semester.

BLOOMBERG CERTIFICATION
Everyone will be required to complete the Bloomberg Essentials (BESS) certification via the Bloomberg terminals in the Capital Markets Lab. This will take you approximately 4 hours in total, covering the mechanics and navigation of the Bloomberg terminal, plus one of the functional areas (Equities, Fixed Income, Commodities, Currency), and includes exams on the subject matter. Details on taking the exam and requirements are in the RESOURCES folder in Canvas. You must complete the certification and send me via email your certificate by midnight on Sunday, February 2nd.

FINANCIAL CALCULATORS
You are REQUIRED to purchase a financial calculator for this course. Currently approved models are: HP 12c, HP 10B, TI BA2. These can be bought new for $35-70 at various store and online retailers; and bought used for quite a bit less. These are highly valuable for efficient solving of financial problems we’ll do in this class, as well as other classes you may take. It will have significant usefulness in your personal finance efforts beyond UNC as well. We’ll discuss functions in class in a couple weeks. You need to have one by Monday, January 27th.
**QUIZZES**
Throughout the semester there will be short (5-15 minute), random quizzes to test your understanding of the material. If you are working the chapter problems, and understand them, you should have no problem with these assignments. These will be graded 0 (not there; did not try), 1 (reasonable attempt), 2 (mostly correct), and will be a part of your Quiz/Attendance/Participation grade for the semester. There will be no make-ups – i.e. “You must be present to win.”

**GROUP PROJECTS**
There will be two group projects during the semester: 1) Capital Budgeting, 2) Cost of Capital. Teams of 3-4 students will be assigned at an appropriate time, and you’ll be in the same team for both projects. The projects will take the form of a case problem requiring the acquisition and analysis of financial information, and an analysis of the problem and recommended solution (based on your analysis). You will submit a written report, 2-3 pages, along with supporting calculations and assumptions. Details on the individual projects will be provided later.

**EXAM INFO**
There will be two (2) exams in this course, a **Mid-Term** and a **Final**. The **Mid-term** exam will be given on Tuesday evening, March 4 from 7-9pm in Koury Auditorium for ALL SECTIONS. The **Final** exam will be given on the day and time as instructed by the Registrar – this is **Tuesday, April 29th, 4-6pm in Koury**. Make your plans accordingly now. Please note, only in EXTREME emergencies do we consider make-up exams, and it will be at the instructor’s discretion as to whether or not to grant one. You are expected to be at the exams as scheduled.

**BUSI408 POLICIES**
1. Class participants will follow and adhere to the UNC Honor Code, part of the Core Values of KFBS
2. BUSI408 operates under a “closed computer” policy; Print slides (multi-slide / page) to take notes
3. Absolutely NO cell phones (turn off)
4. Students are expected to be ready for class at the scheduled time. Class will start on time.
5. Due dates and times for assignments are **FINAL**. There are no “grace” periods. Plan accordingly.
6. Make-up exams will only be given for family or medical emergencies. Prior notice and hard evidence is required.
7. **REQUIRED: financial calculator.** For exams, the only approved calculators are: HP 10B, 12C, or TI BAII. You WILL NOT be able to use graphing/programmable calculators (TI-83, etc).
8. Bring your calculator to every class session. It will be useful when we do live exercises.
9. We will try to follow the course outline schedule; however, adjustments may be made.
10. Exams are closed-book and closed-notes unless otherwise instructed. Calculators (not cell phone ones) are allowed and required. A “cheat sheet” may be allowed (discussed at the appropriate time).