Prerequisites:

All students should have already successfully completed all prerequisites for this class. The prerequisites include ECON 2020 or 2030, ISDS 2000, and ACCT 2021 or 2101. Concurrent registration in ACCT 2021 or 2101 is satisfactory.

Purposes and Design of the Course:

By the end of this course, you should have a broad understanding of: (1) fundamental financial statement analysis, (2) time-value-of-money (TVM) and valuation, (3) capital budgeting, (4) risk and return, and (5) cost of capital and financial policy. My approach is to show you numerous examples to help you understand abstract concepts. In addition to financial mechanics, I will provide you with financial intuitions and applications to make your learning more valuable and interesting. Students will apply the concepts they learn from this course to group assignments and activities to enhance their financial decision-making abilities and develop teamwork skills.

This course is designed for both finance majors and non-finance majors. For finance majors, the course is intended to prepare you for the more advanced courses to develop you as a financial specialist or professional. For non-finance majors, the “tools” you acquire in this course will enhance your decision-making abilities. In addition, the knowledge you learn from this course can be applied to your personal finance.

Required Text:


Recommended Reading:

Wall Street Journal
Financial Calculator:

Your calculator should have financial functions capable of calculating NPV, IRR, etc. Recommended calculators are (1) TI BAII Plus, (2) HP 10-B, or (3) HP17-B. The first two calculators sell for approximately $30-$40 and the last for about $95. The mastery of the given calculator is the burden of the student, although I may provide some guidance.

Assignments:

The emphasis of the assigned end-of-chapter problems will be on the material taught in class. Questions and problems will be assigned at the beginning of each class session. Assigned problems will not be collected for grading purposes. Nevertheless, students are urged to work on those questions and problems the same day the material is taught. Working on assignments diligently will well prepare you for examinations and quizzes. Solutions to assigned problems will be reserved in the CEBA reading room.

Examinations:

There will be two in-class examinations and comprehensive final examination. Examinations will be closed book/notes. However, you are allowed to bring in one side of an (3 x 5) index card for examination I, and examination II, respectively. You may use an additional one side of an (3 x 5) index card for the final examination. Students are expected to take examinations at the scheduled times. **There will be no make-up examinations.** Remedies are possible, but only in documented, urgent, and compelling circumstances, and only if I have been informed in advance.

The scheduled examinations will be similar to the assigned end-of-chapter problems. The best advice I can offer you is to work through the problems we discuss in class and the homework assignments until you feel comfortable. Old examinations and their answer keys will be reserved in the CEBA reading room for your reference.

Team Projects:

Two team projects will be assigned. Since most business activities involve collaboration among various individuals, students will develop teamwork skills as they enhance their financial decision-making abilities by engaging in team assignments and activities. **Students need to form their teams of 4-6 members by September 6.** If teams do not form naturally, I will assign some team memberships. Teams should be self-governing. At the end of the semester, peer evaluation will be conducted to determine individual grade in the component of team projects.
Participation and Quizzes:

Regular class attendance is critical to the learning process and is expected and required. Attendance will be taken on a regular basis and factored into your participation assessment. Three brief in-class quizzes will be given prior to scheduled examinations. Quizzes will be based on the assigned homework problems. The purpose of quizzes is to prepare you for examinations. The low grade of your three quizzes will be dropped. Only the best two of three grades will be counted.

Grading:

<table>
<thead>
<tr>
<th>Component</th>
<th>Weight</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Examination I</td>
<td>20%</td>
<td>Thursday September 20</td>
</tr>
<tr>
<td>Examination II</td>
<td>25%</td>
<td>Tuesday October 30</td>
</tr>
<tr>
<td>Comprehensive Final Examination</td>
<td>30%</td>
<td>Tuesday December 11, 12:30-2:30pm</td>
</tr>
<tr>
<td>Team Projects</td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td>Participation and Quizzes</td>
<td>10%</td>
<td></td>
</tr>
</tbody>
</table>

Grade Scale:

90-100% A  80-89% B  70-79% C  60-69% D  Below 60% F

Academic Misconduct:

Academic dishonesty will not be tolerated. Any student caught cheating will be given an F in the course. In addition, a written report of the incident will be submitted to the Dean of Students. Your responsibility and the penalties for academic misconduct are outlined in the Code of Student Conduct (http://students.lsu.edu/dos/).

Note:

The syllabus is tentative and subject to change at the instructor’s discretion.
# Tentative Course Outline

## I. Overview of Corporate Finance

<table>
<thead>
<tr>
<th>Date</th>
<th>Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 28</td>
<td>Syllabus</td>
</tr>
<tr>
<td></td>
<td>Information Sheet</td>
</tr>
<tr>
<td></td>
<td>Accounting Quiz</td>
</tr>
<tr>
<td></td>
<td>Read RWJ 1 and RWJ 2</td>
</tr>
<tr>
<td>August 30</td>
<td>Ch. 1 Introduction to Corporate Finance</td>
</tr>
<tr>
<td></td>
<td>Ch. 2 Financial Statements, Taxes, and Cash Flow</td>
</tr>
<tr>
<td></td>
<td>Read RWJ 3</td>
</tr>
</tbody>
</table>

## II. Financial Statements and Planning

<table>
<thead>
<tr>
<th>Date</th>
<th>Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 1</td>
<td>LSU vs. Tulane (Home)</td>
</tr>
<tr>
<td>September 4</td>
<td>Last Date to Drop Without A Grade of “W”</td>
</tr>
<tr>
<td></td>
<td>Ch. 2 More Financial Statements (continued)</td>
</tr>
<tr>
<td></td>
<td>Ch. 3 Working with Financial Statements</td>
</tr>
<tr>
<td></td>
<td>Read RWJ 4</td>
</tr>
<tr>
<td>September 6</td>
<td>Form Teams for Team Projects</td>
</tr>
<tr>
<td></td>
<td>Ch. 3 More Financial Statements (continued)</td>
</tr>
<tr>
<td></td>
<td>Ch. 4 Long-Term Financial Planning and Growth</td>
</tr>
<tr>
<td></td>
<td>Read RWJ 5</td>
</tr>
<tr>
<td>September 8</td>
<td>LSU vs. Utah State (Home)</td>
</tr>
</tbody>
</table>

## III. Valuation of Future Cash Flows

<table>
<thead>
<tr>
<th>Date</th>
<th>Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 11</td>
<td>Ch. 4 More Long-Term Financial Planning and Growth (continued)</td>
</tr>
<tr>
<td></td>
<td>Ch. 5 Introduction to The Time Value of Money (TVM)</td>
</tr>
<tr>
<td>September 13</td>
<td>Ch. 5 More TVM (continued)</td>
</tr>
<tr>
<td></td>
<td><strong>Quiz (Ch. 1 ~ Ch. 4)</strong></td>
</tr>
<tr>
<td>September 15</td>
<td>LSU vs. Auburn (Home)</td>
</tr>
<tr>
<td>September 18</td>
<td>Workshop – Review for Examination I</td>
</tr>
<tr>
<td>September 20</td>
<td><strong>Examination I (Chapter 1–5)</strong></td>
</tr>
</tbody>
</table>
September 25  Ch. 6 Discounted Cash Flow (DCF) Valuation
               Return EXAM I
               Read RWJ 6

September 27  Ch. 6 More DCF Valuation (continued)
               Read RWJ 7

September 29  LSU vs. Tennessee (Away)

October 2     Ch. 7 Interest Rates and Bond Valuation
               Read RWJ 8

October 4     Ch. 7 & 8 Bond and Stock Valuation

October 6     LSU vs. Florida (Home)

October 9     Ch. 8 More Stock Valuation (continued)
               Read RWJ 9

IV. Capital Budgeting

October 11   Fall Holiday

October 13   LSU vs. Kentucky (Away)

October 16   Ch. 9 Net Present Value (NPV)
               Quiz II (Ch. 6 ~ Ch. 8)

October 18   FMA Annual Meeting in Toronto
               Practice Session

October 20   LSU vs. Mississippi State (Away)

October 23   Ch. 9 More NPV (continued)

October 25   Workshop – Review for Examination II

October 27   LSU vs. Ole Miss (Home)

October 30   Examination II (Chapter 6~9)

November 3   LSU vs. Alabama (Away)

November 6   Ch. 10 Making Investment Decisions
               Return EXAM II
Read RWJ 10

November 8  Ch. 10 More Capital Budgeting (continued)
Read RWJ 11

November 9  Final Date to Resign or Drop Courses

November 10  LSU vs. Middle Tennessee (Home)

November 13  Ch. 11 Project Analysis and Evaluation
Read Ch. 12

V. Risk and Return

November 15  Ch. 11 More Project Analysis (continued)
Ch. 12 Lessons from Capital Market Efficiency
Read RWJ 13

November 20  Ch. 13 Return, Risk, and SML
Read RWJ 14

November 22  Thanksgiving Holiday

November 23  LSU vs. Arkansas (Home)

November 27  Ch. 13 More Return-Risk Tradeoffs (continued)
Ch. 14 Cost of Capital

November 29  SFA Annual Meeting in Destin
Practice Session

VI. Cost of Capital and Financial Policy

December 4  Ch. 14 More Cost of Capital (continued)
Ch. 15 Raising Capital
Read RWJ 15
Quiz III (Ch. 11 – Ch. 13)

December 6  Ch. 15 More Raising Capital (continued)
Workshop – Review for Final Examination

December 11  Comprehensive Final Examination
(12:30 – 2:30 PM)

December 21  Commencement (Congratulations to all graduates!)