

# FIN 3154 -Corporate Finance

## Spring 2024

**Instructor:** Felipe Cabezon

**Email:** [cabezon@vt.edu](mailto:cabezon@vt.edu)

**Office:** PAM 1025

### **Class Time:**

Section 15550: Tue & Thu 9:30 am - 10:45 am in PAM 1008

Section 15549: Tue & Thu 11:00 am - 12:15 pm in DER 1076

Section 20961: Tue & Thu 2:00 pm - 3:15 pm in WMS 134

**Office Hours:** Tue & Thu 4:30 pm - 5:30 pm, and by appointment

**Teaching Assistant:** Ben Tolbert (email: [bent20@vt.edu](mailto:bent20@vt.edu))

### **Course Description**

This course is designed to provide you with a solid background in corporate finance. We will study the investment and financing decisions of corporations and how they affect firm performance and value. We will delve into key areas such as financial statement analysis, the time value of money, the risk and return trade-off, capital budgeting, debt and equity financing, and securities valuation. Additionally, we will study how companies invest in mergers and acquisitions, R&D, and how they innovate. We will also study corporate governance policies, and standard mechanisms to incentivize managers.

### **Canvas**

Course materials are posted on Canvas. Please check Canvas periodically for any updates to course materials and for announcements in between class meetings.

### **Grading Policies:**

Midterm 1:	20%
Midterm 2:	20%
Final Exam:	25%
Group Project (teacher's evaluation):	15%
Group Project (peers' evaluation):	5%
Homework:	15%

**Midterm:** There will be a midterm exam on February 29 and April 4, both during scheduled class time. The midterm will test material covered up to the midterm. No midterm makeup will be given. In case of proven medical emergencies, the weight of the midterm will be added to the final exam.

**Final Exam:** The final exam will test all the material covered in the course. Students must take the exam on the day and time assigned to their section. No switches will be permitted. The final exam calendar for each section is as follows:

Section 15550: May 3 from 7:45 am to 9:45 am in PAM 1008

Section 15549: May 4 from 1:05 pm to 3:05 pm in DER 1076

Section 20961: May 4 from 7:45 am to 9:45 am in WMS 134

**Homework:** There will be four homework assignments. Their purpose is to help students practice and get familiar with the new concepts learned in class. Homework will have an online quiz format and will be posted on Canvas one week before the due date. There will be as many attempts as needed before the due date. Late homework will be graded with zero points.

**Group Project:** There will be nine groups of five students each. The groups will be available on Canvas, and the students must sign up on their own. Each group will pick a public company, analyze it, and present the results in a 20-minute presentation at the end of the semester. All members must participate in the presentation. A guideline for the presentation will be posted on Canvas. There will be a mandatory anonymous peer review (it will have a quiz format on Canvas) in which each student will have to evaluate the other members of the group with a grade from 0 to 100. Attendance to all final presentations is mandatory.

Score to grade conversions: A: 93+, A-: 90-92.9, B+: 87-89.9, B: 83-86.9, B-: 80-82.9, C+: 77-79.9, C: 73-76.9, C-: 70-72.9, D+: 67-69.9, D: 63-66.9, D-: 60-62.9, F: 0-59.9.

## **TENTATIVE CALENDAR**

Date	Activity	Topic
Tuesday 1/16	Lecture 1	Introduction
Thursday 1/18	Lecture 2	Accounting Basics
Tuesday 1/23	Lecture 3	Accounting Distortions
Thursday 1/25	Lecture 4	Financial Ratios
Friday 1/26	Homework 1	
Tuesday 1/30	Lecture 5	Financial Ratios
Thursday 2/01	Lecture 6	Financial Ratios
Tuesday 2/06	Lecture 7	Financial Ratios
Thursday 2/08	Lecture 8	Time Value of Money
Friday 2/09	Homework 2	
Tuesday 2/13	Lecture 9	Time Value of Money
Thursday 2/15	Lecture 10	Investment Decisions
Tuesday 2/20	Lecture 11	Financial Cash Flows
Wednesday 2/21	Homework 3	
Thursday 2/22	Lecture 12	Project Evaluation
Tuesday 2/27	Lecture 13	Stock Valuation
Thursday 2/29	MIDTERM 1	
Tuesday 3/05	SPRING BREAK	
Thursday 3/07	SPRING BREAK	
Tuesday 3/12	Lecture 14	Valuation Ratios
Thursday 3/14	Lecture 15	Cost of Capital
Tuesday 3/19	Lecture 16	Capital Structure
Wednesday 3/20	Homework 4	
Thursday 3/21	Lecture 17	Capital Structure
Tuesday 3/26	Lecture 18	Limit of debt
Thursday 3/28	Lecture 19	Raising Capital
Tuesday 4/02	Lecture 20	Raising Capital
Thursday 4/04	MIDTERM 2	
Tuesday 4/09	Lecture 21	Corporate Governance
Thursday 4/11	Lecture 22	Executive Compensation
Tuesday 4/16	Lecture 23	Mergers and Acquisitions
Thursday 4/18	Lecture 24	Innovation
Tuesday 4/23	Final presentations	
Thursday 4/25	Final presentations	
Tuesday 4/30	Final presentations	
Friday 5/03	Exam section 15550	
Saturday 5/04	Exam sections 15549 and 20961	

## **ADDITIONAL INFORMATION**

### **Honor Code**

The Undergraduate Honor Code will be strictly enforced in this course. Any suspected violations of the Honor Code will be reported to the Honor System for action (without your prior knowledge). Unfortunately, there are no warnings or second chances.

The Undergraduate Honor Code pledge that each member of the university community agrees to abide by states: "As a Hokie, I will conduct myself with honor and integrity at all times. I will not lie, cheat, or steal, nor will I accept the actions of those who do."

Students enrolled in this course are responsible for abiding by the Honor Code. A student who has doubts about how the Honor Code applies to any assignment is responsible for obtaining specific guidance from the course instructor before submitting the assignment for evaluation. Ignorance of the rules does not exclude any member of the University community from the requirements and expectations of the Honor Code. For additional information about the Honor Code, please visit:

<https://www.honorsystem.vt.edu/Honor Code>

### **The Virginia Tech Honor Code Pledge for assignments & exams is as follows:**

**"I have neither given nor received unauthorized assistance on this assignment/exam."** This pledge is to be written out on all graded assignments/work at the university and signed by the student. The Honor Code Pledge represents both an expression of the student's support of the Honor Code and an unambiguous acknowledgment that the student has, on the assignment in question, abided by the obligation that the Honor Code entails. In the absence of a written Honor Pledge, the Honor Code still applies to an assignment.

### **Services for Students with Disabilities: [www.ssd.vt.edu](http://www.ssd.vt.edu)**

Students requiring special accommodations should notify the instructor by the end of the first week of class. Any student who requires special exam accommodations is responsible for coordinating the exam time with the instructor and for scheduling the exam reservation with the office of Services for Students with Disabilities (SSD). All exam reservations with the office of SSD must be made at least two weeks in advance or earlier as required by the SSD office.

### **Counseling Support: <https://www.ucc.vt.edu/>**

Students under particular personal or academic stress are encouraged to meet with trained counselors at the Cook Counseling Center. All conversations are confidential. Thomas E. Cook Counseling Center; 240 McComas Hall; (540) 231-6557; Office Hours: Monday through Friday, 8:00 am - 5:00 pm; After Hours Service: (540) 231-6557.

**Computing Services Support:** <http://pampl.in/help>

If you have any technology or computer issues, please fill in a ticket at the above address. The Pamplin IT department is generally prompt and more knowledgeable than a faculty member about these issues.

**Grading Complaint**

If you have a grading complaint, all revision requests, no matter how small, must be submitted formally in writing, within a week of receiving the grade. I reserve the right to re-grade the entire assignment/exam/case.