

BUSI 408, Corporation Finance, Spring 2024

Instructor:	Yunzhi Hu
Email:	Yunzhi_Hu@kenan-flagler.unc.edu
TA:	Dihan Zou (Dihan_Zou@kenan-flagler.unc.edu)
Class Time and Location:	Section 005: Monday and Wednesday at 2:00-3:15 pm at McColl 3650 Section 006: Monday and Wednesday at 3:30-4:45 pm at McColl 3650
Office Hours:	Mondays 12:00 pm – 1:00 pm at 4103 McColl Mondays 11:00 am – 12:00 pm by the TA at 4106 McColl

Course Description

This course serves as the introductory course in finance. It provides students with an understanding of major decisions made by corporate financial managers and the tools used to make these decisions. The main goal of this course is to help students understand the economic forces related to investment and financing decisions. Topics include Financial Statement Analysis, Capital Budgeting, Bond and Stock Valuation, Financing Investment, Firm Valuation, and Optimal Capital Structure.

Course Prerequisites

The following course or anyone comparable is recommended.

- ECON 310: Microeconomics: Theory and Applications
- Working knowledge of probability and statistics

Textbook and Connect® Access

You will be required to purchase McGraw-Hill Education Connect® access for *Essentials of Corporate Finance*, 11th Edition, by Ross, Westerfield, and Jordan. **Connect has an e-book, homework, and the midterm exam.** You are not required to have a print text, and please be aware that if you purchase a used textbook, you will still need to purchase Connect access. Connect access codes are available in the bookstore.

If you cannot afford the course materials, please apply to the Melwani Belonging Fund

Please go to the website linked by Canvas to register for Connect® access at your earliest convenience. Please do this at your earliest convenience, because the first SmartBook Reading is due by **11:59pm, January 17**. Please review Student Registration Info & Instructions for CONNECT, and complete the Connect Orientation Video and the SmartBook Orientation Video.

Connect Support

If you need help with the Connect system, please use the following resources. Neither the TA nor myself is an expert on Connect.

- **Technical Support** <https://mhedu.force.com/CXG/s/>
Here, you can find the 800 # to call support directly and/or chat with an agent, send an email. I strongly encourage you to call for quickest resolution. No matter how they communicate with tech support, they receive a case # that will follow the issue. If there is ever an instance where something is not resolved or needs escalation to higher level, this case # is crucial to tracking it down.
- **System Status Page** <http://status.mheducation.com/>
The system should work well in 99.999% of the time. However, in case there is an outage with connect, you get the most up to date info here.
- **Student Connect Support Website** <https://www.mheducation.com/highered/support/student/connect.html>
This website is offers back-to-school resources: how to register, help with different assignments, where to find ebook, what apps to download, etc.

Additional Readings

- *Wall Street Journal*. Student Subscription, \$4/Month: www.wsj.com/studentoffer
In class, we will have open discussions on the most recent financial news.
- Latest developments in the world of corporate finance <https://essentialsofcorporatefinance.blogspot.com/>

Grading

- 10%: SmartBook Participation
After the lecture for each chapter, you will have *one week* to finish the Connect SmartBook Reading and answering the questions. You will receive the full grade if all readings are completed on time.
- 20%: Problem Sets
There is a problem set after each chapter. You will have one week to finish. A maximum of two attempts are allowed. Your lowest **three** scores can be dropped.
- 70%: Exam. Whichever of the following formulas gives you a higher grade will be used
 - o 30% Midterm Exam + 40% Final Exam
 - o 70% Final ExamYou are allowed to bring a cheat sheet (one page, A-4 sized, both sides) and the calculator.
The final exam covers all lectures throughout the semester.

Policies (Please read carefully before registering for the class)

1. You are expected to attend each class. Class participants will follow and adhere to the UNC Honor Code, part of the Core Values of KFBS
2. **Exams MUST be taken at the scheduled time.** The only exceptions are those permitted by the exam excuse request or medical emergencies. Prior notice and hard evidence are required.
3. **Due dates and times for assignments are FINAL.** If you miss the deadline, there are no “grace” periods.
4. There is no extra credit work, so please try hard for the homework and the exam(s).
5. Letter grades are assigned on a **relative** basis. Last year, the cutoff for A- is 80.5.
6. I will try to follow the course schedule. Adjustments may be made, however.
7. Laptops and tablets are allowed only for taking notes or in-class Excel exercises.
8. Absolutely NO cell phones.

Exam Dates

- Take-home (online) Midterm: March 6 in McGraw Hill Connect System
- In-person Final: May 6 at 12pm. Location TBA.

	Date	Topics
Week 1	1/10, 1/17	Introduction to Financial Management; Financial Statement, Taxes, and Cash Flow
Week 2	1/22, 1/24	Financial Statement, Taxes, and Cash Flow; Working with Financial Statements
Week 3	1/29, 1/31	The Time Value of Money; Discounted Cash Flow Valuation
Week 4	2/5, 2/7	Discounted Cash Flow Valuation; Interest Rates and Bond Valuation
Week 5	2/14, 2/19	Interest Rates and Bond Valuation
Week 6	2/21, 2/26,	Equity Markets and Stock Valuation; Net Present Value and Other Investment Criteria
Week 7	2/28, 3/4	Net Present Value and Other Investment Criteria; Review for Midterm
Week 8	3/6, 3/18	Midterm Exam; Making Capital Investment Decisions
Week 9	3/20, 3/25	Making Capital Investment Decisions; Some Lessons from Capital Market History
Week 10	3/27, 4/1	Some Lessons from Capital Market History; Risk and Return
Week 11	4/3, 4/8	Risk and Return; Cost of Capital;
Week 12	4/10, 4/15	Cost of Capital; Leverage and Capital Structure
Week 13	4/17, 4/22	Leverage and Capital Structure; Dividends and Dividend Policy
Week 14	4/24, 4/29	Dividends and Dividend Policy; Final Exam Review

Honor Code

Integrity is one of UNC Kenan-Flagler Business School's core values. According to our statement of core values "we hold ourselves to the highest ethical standards." Violations of the honor code are totally inconsistent with this core value and are **simply unacceptable in any form**. Any violation of the honor code will result in an F in the course, regardless of any other grades received for the module.

In this class, an honor code violation would occur if you gave or received help on the individual assignments -- the take home problem set or take home final exam. An honor code violation would also occur if any assignment contained plagiarism. According to the university honor code, plagiarism is defined as "the intentional representation of another person's words, thoughts, or ideas as one's own." To avoid plagiarism, make sure you put in quotes and reference any direct copying of another individual's work. Also give credit and references for any "words, thoughts or ideas" that you paraphrase in your assignments. Each assignment should contain all relevant footnotes and a bibliography of all sources used in the assignment. Finally, for the group projects "unauthorized collaboration" is defined as getting help from someone outside your group (*be sure to note any exceptions*) or use in any way of a project from previous years that is closely related to your project. Individuals or groups covering the similar industries or firms may share research found on the web or in publications. Sharing insights, conclusions or intuition drawn from the research or data sources is also not allowed. If any part of this honor code statement is not clear, ask me for a clarification.

<https://studentconduct.unc.edu/>

Attendance Policy

You are expected to attend each class. As stated in the University's [Class Attendance Policy](#), no right or privilege exists that permits a student to be absent from any class meetings, except for these University Approved Absences:

1. Authorized University activities
2. Disability/religious observance/pregnancy, as required by law and approved by [Accessibility Resources and Service](#) and/or the [Equal Opportunity and Compliance Office](#) (EOC)
3. Significant health condition and/or personal/family emergency as approved by the [Office of the Dean of Students](#), [Gender Violence Service Coordinators](#), and/or the [Equal Opportunity and Compliance Office](#) (EOC).

UNC Kenan-Flagler Syllabus Wellness Statement

As a student, you may experience a range of challenges that can interfere with learning, such as strained relationships, increased stress and anxiety, substance use, feeling down, difficulty concentrating and/or lack of motivation. You may experience these challenges and others to an increased degree considering the things happening nationally and globally during this time. Unaddressed, these challenges have the capacity to diminish your overall well-being, academic performance, and/or reduce your ability to participate in daily activities.

Recognizing the signs and symptoms of mental or emotional health and wellness concerns can help you or others to seek care that can help. Here are some signs that may be reasons for concern:

1. Feeling hopelessness, worthlessness, depressed, angry or guilt
2. Withdrawal from friends, family, and activities that used to be fun
3. Changes in eating or sleeping patterns
4. Feeling tired or exhausted all of the time (Remember: Zoom fatigue is real!)
5. Trouble concentrating, thinking, remembering or making decisions
6. Restlessness, irritability, agitation or anxious movements or behaviors
7. Neglect of personal care
8. Reckless or impulsive behaviors (e.g., drinking or using drugs excessively or being unsafe in other ways)
9. Persistent physical symptoms (e.g., headaches, digestive problems or chronic pain) that do not respond to routine treatment
10. Thoughts about death or suicide*

Do your best to prioritize self-care in ways that are meaningful for you. This might include beginning (or maintaining) healthy habits, such as:

- eating well and routinely,
- engaging in physical activity consistently,
- developing a healthy and responsible relationship with alcohol and prescribed drugs,
- getting enough sleep, and
- carving out time daily to do something for yourself (that does not pertain homework or other assignments)

These behaviors are helpful for achieving your personal and academic goals and mitigating the harmful impacts of high levels of stress.

All of us benefit from support during times of struggle. There are many helpful resources available on campus and an important part of your college experience is learning when and how to ask for help. Asking for support sooner rather than later can be the key to thriving throughout your time in college, and beyond!

If you or anyone you know experiences any academic or personal stress, difficult life events, or feelings like anxiety or depression, we strongly encourage you to seek support. Please reach out to one of the following resources for support:

Felix Morton IV and Hannah Winslow,
Wellness Specialist/Coaches
 UNC Kenan-Flagler
 Email: wellness@kenan-flagler.unc.edu
 Phone: 919-962-9315
 Coaching Sign-Up:
<https://unckf.titaniumhwc.com/>
 Online Wellness Resources:
[Kenan-Flagler Online Wellness Toolkit](#)

Counseling and Psychological Services (CAPS)
 Location: James A. Taylor Building,
 320 Emergency Room Dr.
 Office Hours Phone: 919-966-3658
 (8:00a – 5:00p)
 After Hours Phone: 919-966-2281
 Email: caps@unc.edu

National Crisis Hotlines
National Suicide Prevention
Lifeline: 1-800-273-8255
Crisis Text Line: Text 741741

Title IX

Any student who is impacted by discrimination, harassment, interpersonal (relationship) violence, sexual violence, sexual exploitation, or stalking is encouraged to seek resources on campus or in the community. Reports can be made online to the EOC at <https://eoc.unc.edu/report-an-incident/>.

Please contact the University's Title IX Coordinator (Elizabeth Hall, interim – titleixcoordinator@unc.edu), Report and Response Coordinators in the Equal Opportunity and Compliance Office (reportandresponse@unc.edu), Counseling and Psychological Services (confidential), or the Gender Violence Services Coordinators (gvsc@unc.edu; confidential) to discuss your specific needs. Additional resources are available at safe.unc.edu.

Accessibility Resources and Services

The University of North Carolina at Chapel Hill facilitates the implementation of reasonable accommodations, including resources and services, for students with disabilities, chronic medical conditions, a temporary disability or pregnancy complications resulting in barriers to fully accessing University courses, programs and activities.

Accommodations are determined through the Office of Accessibility Resources and Service (ARS) for individuals with documented qualifying disabilities in accordance with applicable state and federal laws. See the ARS Website for contact information: <https://ars.unc.edu> or email ars@unc.edu.

Syllabus Guidelines for Generative AI¹

Introduction

ChatGPT and other Generative Artificial Intelligence (AI) can produce text, images, and other media. These tools can assist with brainstorming, finding information, and even reading and creating materials; however, they must be used appropriately and ethically, and you must understand their limitations. Regardless of your use of any AI tools, you are responsible for the final product of your work, both academically and in the workforce.

Generative AI is extremely useful; however, it has the following limitations:

- how output is arrived at is not clear as the internal processes used to produce a particular output within the generative AI cannot be determined.
- The output is based on existing data (often scraped from online sources) and may reflect biases that should be acknowledged; it may also be inaccurate or entirely fabricated, even if it appears reliable or factual.
- AI evokes a range of intellectual property concerns; sourcing and ownership of information is unclear, and the status of AI output raises numerous questions—e.g., is output equivalent to a published resource? What citational responsibilities are in place for various AI interactions?

The following sections provide the philosophy and specific guidelines for using these tools and features (increasingly, generative AI capabilities will be integrated with everyday applications). **Unless I provide other guidelines for an assignment or exam, you should follow these guidelines.**

Usage Philosophy:

Use of generative AI in your coursework is based on the following principles:

1. **AI should help you think. Not think for you.**
Use these tools to give you ideas, perform research (in compliance with point 2 below), and analyze problems. Do not use them to do your work for you, e.g., do not enter an assignment question into ChatGPT and copy & paste the response as your answer.
2. **Engage with AI Responsibly and Ethically:** Engage with AI technologies responsibly, critically evaluating AI-generated outputs and considering potential biases, limitations, and ethical implications in your analysis and discussions. Utilize AI technologies ethically, respecting privacy, confidentiality, and intellectual property rights. Ensure that the data used for AI applications is obtained and shared responsibly and in compliance with relevant regulations.
3. **You are 100% responsible for your final product.**
You are the user. If the AI makes a mistake, and you use it, it's your mistake. If you don't know whether a statement about *any item in the output* is true, then your responsibility is to research it. If you cannot verify it as factual, you should delete it. You hold full responsibility for AI-generated content as if you had produced the materials yourself. This means ideas must be attributed, facts are true, and sources must be verified.

^{1 1} ChatGPT was used in the development of these guidelines – more specifically, it was employed to generate suggestions for student use policies and to rephrase and consolidate certain sections of the text. Also, [Sentient Syllabus](#) was a resource for a number of the ideas within this document.

4. **The use of AI must be open and documented.**

The use of any AI in the creation of your work must be declared in your submission and explained. Details on how to source your AI usage are explained below.

5. **These guidelines are in effect unless I give you specific guidelines for an assignment or exam.** It is your responsibility to ensure you are following the correct guidelines.

6. **Data that are confidential or personal should not be entered into generative AI tools.**

Putting confidential or personal data (e.g., your One Card details) into these tools exposes you and others to the loss of important information. Therefore, do not do so.