

Principles of Corporate Finance – EBGN 345A

Instructor: Dr. Becky Lafrancois (Dr. L or Professor L)

email: blafranc@mines.edu

Office: 110 Engineering Hall

Office Phone: 303-384-2191

Zoom Office: <https://mines.zoom.us/my/ebgn201.drl>

Mobile Phone: 401-595-8820

Office Hours (remote and in-person): 8-9 AM and 3:30-4:30 Tuesday and Thursday; or by appointment*

*You may schedule appointments outside of office hours through email.

Class Type: In-Person (with Zoom for Remotely Registered Students)

Class Meetings: Tuesday and Thursday 2:00-3:15 PM

Class Location: Marquez Hall – Room 226

Zoom Information for Class:

Link: <https://mines.zoom.us/j/94208710360?pwd=MTRkZWg0aXA3b1FDMUUVVW5oQkdTUT09>

Meeting ID: 942 0871 0360

Password: Available on the class Canvas Page

Course Web Pages: Canvas and McGraw Hill Connect (Integrated with Canvas)

Instructional Activity: 3 hours lecture

Semester Hours: 3

Course Designation: Economics and Business Elective, NOT a H&SS Elective

Course Description

The goal of financial managers is to maximize the value of the firm. This course will examine the investment and financing decisions faced by firms, with a focus on corporations. You will learn how to assess a company's financial strength and performance through financial statement analysis. Then you will learn how the firm estimates the appropriate rate of return for its potential investment projects and how firms evaluate different investment opportunities. You will then consider how a firm chooses to finance its operations and distribute earnings back to its ownership.

Prerequisites: EBGN201

Required Materials

Textbook/ebook – *Fundamentals of Corporate Finance 12th Edition* – Ross, Westerfield, Jordan

Online Portal for Homework – *Connect for Fundamentals of Corporate Finance*

To access Textbook and Homework:

Register through Canvas – instructions available on Canvas

Student Learning Outcomes

At the end of the course, students will:

- Explain why the goal of the firm is value maximization
- Read and analyze financial statements
- Evaluate firm performance using financial ratios
- Evaluate a firm's investment options using Net Present Value and other investment criteria

- Explain why firms use cash flows rather than profits to evaluate investment opportunities
- Conduct a discounted cash flow analysis for a firm's investment opportunities
- Conduct sensitivity and project analysis for potential investments
- Calculate the firm's weighted average cost of capital
- Explain the different sources of corporate financing and how those sources change over the firm's life cycle
- Explain how firms issue shares to the public
- Identify a firm's capital structure
- Explain how debt financing is related to increased investment risk
- Explain how a firm determines the optimal level of debt financing
- Explain how a firm determines its dividend policy
- Evaluate recent trends in dividend policy and share buybacks

Topics Covered – additional detail in course calendar

Section 1: Assessing a Corporation's Financial Performance

Section 2: The Firm's Investment Decisions

Section 3: The Firm's Financing and Payout Decisions

Grading

Your grade in this class will be based on your overall percent average, using the following guidelines:

A =	93-100%	B- =	80-82%	D+ =	66-69%
A- =	90-92%	C+ =	77-79%	D =	63-65%
B+ =	87-89%	C =	73-76%	D- =	60-62%
B =	83-86%	C- =	70-72%	F =	below 60%

These guidelines are subject to change, but if you score in the stated range you are guaranteed at least the corresponding grade.

Grades will be posted on Canvas. However, do not trust the Canvas grades page to give you an accurate reflection of your current course grade. If you ever need confirmation of your current course grade, please ask.

Summary of Course Components and Grading

Components:

1. Homework	15%
2. In-class Exercises	5%
3. Finance Cases	50%
4. Semester Project	<u>30%</u>
	100%

Grievance Procedure: Anyone feeling that a dispute exists after the grading of any assignment or exam may submit a written grievance. The grievance should identify the item in dispute and arguments supporting the student's position. Grievances must be submitted in writing within two class periods

following the return of the assignment or exam. I will return a written response within two class periods after receipt.

Grading Components

Homework – 15% of final grade

Most homework assignments will be conducted using the Connect online learning system. Due dates will be announced in class and posted on Canvas. There may be other homework assignments that are submitted on Canvas.

In-Class Problems – 5% of final grade

A portion of class time will be devoted to working on problems individually or in groups. You will turn in these problems for credit. Credit will be given based on participation and correctness on a scale of 0 to 3, where:

- 0 = 0% -- no participation in assignment
- 1 = 50% -- minimal participation/correctness
- 2 = 80% -- good participation/correctness
- 3 = 100% -- excellent participation/correctness

Finance Cases – 50% of final grade

Rather than having exams, summative assessment will be conducted using case analysis. Each case will allow you to analyze a real-life style company situation that embody the corporate finance topics introduced in the class. There will be six cases over the course of the semester, and I will drop one case at the end of the semester. You will have one week to prepare your response to each case. Cases will be assigned approximately once every two weeks.

Semester Project – 30% of final grade

The semester long project will require you and a partner to study a single company for the entire semester and apply many of the concepts that we study over the semester to that firm. There will be four separate due dates over the course of the semester. Grading will be based on instructor and peer evaluations.

Project Due Dates: February 26, March 26, April 30

Course Attendance Policy

Please be familiar with the Attendance Policy for the Colorado School of Mines:

<http://inside.mines.edu/Student-Absences>

Lectures: I expect students to regularly attend and participate in class. If you miss a lecture, it is your responsibility to get any notes and assignments from that class. It is up to you to master the subject matter of the course and to demonstrate the ability to use the tools covered at an acceptable skill level.

Late Coursework Policy

Late assignments will not be accepted. Please plan accordingly to assure you complete your work by the stated due date and time.

Coursework Return Policy

Homework assignments will be graded online and results will be made available immediately. Cases will be graded within one week and will be available for review on Canvas.

Students with Disabilities

The Colorado School of Mines is committed to ensuring the full participation of all students in its programs, including students with disabilities. Colorado School of Mines complies with all federal and state laws and regulations regarding discrimination, including the Americans with Disabilities Act of 1990. If you are registered with Disability Support Services (DSS) and I have received your letter of accommodations, please contact me at your earliest convenience so we can discuss your needs in this course. For questions or other inquiries regarding disabilities, I encourage you to visit disabilities.mines.edu for more information.

If you have a disability and have not registered with Disability Support Services and need a reasonable accommodation for equal access to education or services at Colorado School of Mines, please contact the Disability Services Office at 1770 Elm St. – Wellness Center 205, by calling 303-384-2600, or emailing Marla Draper, mdraper@mines.edu. If you have a disability that could affect your performance in this class or that requires an accommodation under the Americans with Disabilities Act, please see me as soon as possible so that we can make appropriate arrangements.

Policy on Academic Integrity/Misconduct

The Colorado School of Mines affirms the principle that all individuals associated with the Mines academic community have a responsibility for establishing, maintaining and fostering an understanding and appreciation for academic integrity. In broad terms, this implies protecting the environment of mutual trust within which scholarly exchange occurs, supporting the ability of the faculty to fairly and effectively evaluate every student's academic achievements, and giving credence to the university's educational mission, its scholarly objectives and the substance of the degrees it awards. The protection of academic integrity requires there to be clear and consistent standards, as well as confrontation and sanctions when individuals violate those standards. The Colorado School of Mines desires an environment free of any and all forms of academic misconduct and expects students to act with integrity at all times.

Academic misconduct is the intentional act of fraud, in which an individual seeks to claim credit for the work and efforts of another without authorization, or uses unauthorized materials or fabricated information in any academic exercise. Student Academic Misconduct arises when a student violates the principle of academic integrity. Such behavior erodes mutual trust, distorts the fair evaluation of academic achievements, violates the ethical code of behavior upon which education and scholarship rest, and undermines the credibility of the university. Because of the serious institutional and individual ramifications, student misconduct arising from violations of academic integrity is not tolerated at Mines.

If a student is found to have engaged in such misconduct sanctions such as change of a grade, loss of institutional privileges, or academic suspension or dismissal may be imposed.

- The complete policy is [online](#).

Discrimination and Harassment

This course and all learning opportunities at Mines require a safe environment for everyone to be productive, develop professional practices, and to be able to share and learn without fear of discrimination or harassment. **Discrimination or harassment of any type will not be tolerated.**

Sometimes harassment is unintentional, but regardless of intent the instructor will address any language or behaviors that might discriminate, stereotype, or promote harassment. If you witness discrimination or harassment of others, please bring it to the attention of Mines faculty so it can be addressed immediately.

Title IX is a federal law that protects individuals from discrimination based on sex and gender in educational programs or activities. Mines takes its Title IX obligations seriously and is committed to providing a campus community free from gender-based discrimination. Gender-based discrimination, including sexual harassment, sexual violence, stalking, and domestic violence, is prohibited within the Mines campus community. If these issues have impacted you or someone you know, you can appropriate resources here: <http://inside.mines.edu/POGO-Title-IX>. You can also contact the Mines Title IX Coordinator, Karin Ranta-Curran, at 303.384.2558 or krcurran@mines.edu for more information.

CARE @ Mines

Living, learning, and working at Colorado School of Mines can cause stress and may be a reason that someone is displaying distressed or disruptive behavior. Mines is committed to providing a safe and supportive environment for all members of the campus community. The CARE Team at Mines provides assistance to the campus community to help access and find solutions for managing these difficult situations.

The CARE at Mines website (care.mines.edu) provides information on campus and community resources that are available. Distressed and disruptive behavior usually includes a change in a person's performance, appearance, or emotional state and may be symptomatic of a person's inability to manage personal or emotional difficulties. Behaviors may include:

- Sleep disturbances (too much or too little)
- Class attendance or participation issues
- Change in personal hygiene
- Altered performance in academic/organization pursuits
- Difficulty making decisions
- Heightened emotional response
- Over dependence on others
- Self-harm behaviors (cutting, burning)
- Expressed suicidal thoughts
- Engaging in risky behaviors that are out of character/context
- Alcohol and Drug Abuse

If you have noticed any of these behaviors or are concerned for your students, please email CARE at CARE@mines.edu or visit the care.mines.edu website to start the support process and seek assistance.

Additional suggestions for referrals for support, depending on comfort level and needs include:

- [CARE at Mines](#) – for various resources and options, or to submit an online “CARE report” about someone you’re concerned about (email care@mines.edu)
- [CASA](#) – for academic advising, tutoring, academic support, and academic workshops
- [Counseling Center](#) – for students to call 303-273-3377 for an appointment. There are also online resources for students on the website. Located in the Wellness Center 2nd floor at 1770 Elm St.
- [Health Center](#) – students may call 303-273-3381 for appointment. Located in Wellness Center 1st floor at 1770 Elm St.
- [Colorado Crisis Services](#) – for crisis support 24/7, either by phone, text, or in person. Colorado Crisis Services is a great confidential resource, available to anyone by calling 1-844-493-8255, or texting “TALK” to 38255. Walk-in location addresses are posted on the website.

All of these options are available for free for students. The Counseling Center, Health Center, and Colorado Crisis Services are confidential resources. The Counseling Center will also make referrals to off-campus counselors, if preferred. In an emergency, you should call 911, and they will dispatch a Mines or Golden PD officer to assist.

Course Outline*

Topics	Chapter
Section 1: Evaluating Corporate Performance	
Introduction to Corporate Finance	1
Financial Statements, Taxes, and Cash Flow	2
Working with Financial Statements	3
Section 3: The Firm's Investment Decision	
Introduction to Valuation: The Time Value of Money	5
Discounted Cash Flow Valuation	6
Net Present Value and Other Investment Criteria	9
Making Capital Investment Decisions	10
Project Analysis and Evaluation	11
Section 3: The Firm's Financing and Payout Decisions	
Cost of Capital	14
Raising Capital	15
Financial Leverage and Capital Structure Policy	16
Dividends and Payout Policy	17

* Course content subject to change. All changes will be announced in class and online. It is your responsibility to keep up with posted announcements.