



---

**Economics 134 – Corporate Finance  
Fall 2010 Syllabus**

**Visiting Assistant Professor Yosef Bonaparte**

**Office: MOD F 17, Classroom: Bauer**

**Phone: 909-607-0756**

**E-mail: [ybonaparte@cmc.edu](mailto:ybonaparte@cmc.edu)**

**Office Hours: MW (11:00-Noon); Tue 1:30-2:30 PM or by appointment**

---

<b>Course</b>	<b>Room</b>	<b>Lecture Time</b>	<b>Final Exam</b>
Econ 134, Sec 1	Bauer 34	TR 02:45-04:00PM	M, Dec 13, 2-4 PM
Econ 134, Sec 2	Bauer Forum	MW 12:00-01:10PM	M, Dec 13, 2-4 PM
Econ 134, Sec 3	Bauer Forum	M W 01:15-02:30PM	M, Dec 13, 2-4 PM

**Course Description:** This course is an introduction to the principles of finance and financial analysis. Major topics include: the time value of money, risk and return, financial management, and the financial system.

**Course Objectives:**

The primary objective of the course is to build a basic finance foundation for professional career development for the undergraduate business students. To achieve this, you need a sound understanding of finance theory. As such, the course will be theoretical in nature, often requiring rigorous quantitative analysis.

At the end of the course, students will be able to:

1. An understanding of the financial environment in which firms operate,
2. A mastery of the Time Value of Money (TVM) concept and its applications such as bonds and stocks valuation,
3. An understanding of the risk and return relationship in the financial market,
4. An understanding of the corporate capital budget, capital structure, and working capital management decision making process, and
5. The ability to read and understand information from popular financial media.

**Required Texts:** *Fundamentals of Corporate Finance* Standard Edition by Stephen Ross, Randolph Westerfield and Bradford Jordan

**Optional Reading:** This course will be tied to current events. All students will want to actively follow the economic, business, and financial news posted at *The Economist*, *New York Times*, *Wall Street Journal*, *Financial Times*.

**Reading:** You should always reinforce the lectures by doing the assigned readings. You will notice that some topics that I consider to be very important will be covered in great detail (e.g., TVM, PV and NPV). In this case the readings simply reinforce the lectures. Time does not allow us to cover most topics in this way. Thus, the readings necessarily also cover material that time does not permit us to cover during lectures. You are responsible for all the material covered in the assigned readings, regardless of whether I have time to cover it in class. Every student is also expected to keep abreast of current innovations in the business world. One way to do this is by reading, on a regular basis, one of the optional publications suggested above.

**Sakai:** You will find additional material that should be useful on the Sakai site for this class. The solutions to all the exams will be posted as well as the exams themselves. A copy of the lecture notes will be posted the day of the given lecture. All material that is handed out during the lecture will also be available on Sakai.

**Homework:** The only way to learn the material in this class is to work a large number of problems. To help prepare for the midterm exams and the final, I strongly suggest that you do the end of chapter problems in

**Class Participation** is an important indication of daily preparedness. Thoughtful feedback from you facilitates the learning process and makes classes lively and interesting. *Good questions are an important form of participation.* Come to class prepared to ask and answer questions posed by your classmates or me. To give you an incentive to come to class, participation will count for 5% of the grade. You must at least attend to participate! I recognize that at times during the semester you may have conflicts due to job interviews. Any absence to participate in an interview is, of course, excused. Let me know about interviews in advance, so I can make a note.

**Home Work:** we will have to problem sets before the midterm and final. The home is a great learning tool since it is an opportunity to review the materials and get an idea of where you stand.

**Project Evaluation** The purpose of this project is to help students to write a professional paper, apply concepts we learn in the class to the real world as well as help students in their search for internships/jobs. The project will be a case study of one of the firm chosen by a group of 2-4 students, in which they apply a few concepts that we study in the this class.

**Midterm and Final:** There will be a midterm exam on **October 7, 2010**. We will have review sessions before midterm and final. The final exam will be comprehensive (cover all material) and will be held on **SUNDAY/SATURDAY, DECEMBER 11/12, 2010, 7-10PM.**

**Regrading Policy:** All requests for regrades of a midterm must be in writing and will only be accepted one week after the midterm is returned. No regrade requests will be accepted more than two weeks after the midterm is returned. That is, a regrade request must be submitted after one but not more than two weeks after the exam is returned. *Any exam that is submitted for a regrade will be regraded in its entirety.*

**Grades:** Your final grade will be determined by your performance on the project evaluation, midterm exams and the final exam. The actual percentages are:

Class participation	5%
Home work	10%
Project Evaluation	20%
Midterm Exam	30%
Final Exam	35%

**Communications:**

I will be communicating with the group via email through Sakai.

**Other Important Issues:**

If you qualify for accommodations because of a disability, please submit to me a letter from Disability Services in a timely manner so that your needs may be addressed.

I will make every effort to provide accommodation for students who, because of religious obligations, have conflicts with scheduled exams or assignments. The schedule for these requirements is on Sakai. Please notify me in advance of any such conflict so that we may devise an appropriate solution.

## **Project Evaluation**

A group of 2-4 students select a firm and analyze some of its financial assets via applying some of the concepts we learn in the class.

## **Paper Presentation**

### **Page 1:**

A cover page- your name, affiliation and a footnote thanking people who helped

### **Page 2 and on:**

#### **Abstract**

Here you talk about the main point of this paper/project. Starts with “This paper/project studies/explores/examines...”.

#### **1. Introduction**

Here you explain “why should I care.” For example: Microsoft is a leading company in the software industry; their revenue for the year 2009 is about xx billion... etc.

#### **2. Quantitative Cooperate Finance Analysis**

Present calculation of 7-10 concepts that we learn in this class such as: PV, NPV, pricing bond/stocks

#### **3. Conclusion**

The conclusion reports the main findings but with more insights. You start the conclusion with “The goal of this paper/project has been...”

#### **Table 1**

This table reports... etc.

#### **Figure 1**

This figure depicts... etc.

**Appendix** (methodology- you don't need it for this project)

Week	Topic	Comments	Book Ch.	Assignments
1	Introduction to Corporate Finance		1	
2+3	Introduction to Valuation: The Time Value of Money		5	
3+4	Discount Cash Flow Valuation		6	
5	Interest Rate and Bond Valuation		7	HW #1 due
6	<b>Midterm: October 7, 2010</b>	<b>4:15PM - 6:00PM @ Forum</b>		
6	Project Evaluation- Introduction presentation: group and selected firm			
7+8	Stock Valuation		8	
8+9	Net Present Value and Other Investment Criteria		9	
10	Making Capital Investment Decisions		10	
11	Project Analysis and Evaluation		11	
12	Some lessons from Capital Market History		12	
12	<b>Project Presentation and Final draft: November xx, 2010</b>			
13	Return, Risk, and the security Market Line*		13	
14	Cost of Capital*		14	HW #2 due
15	<b>Final: December 11-12, 2010**</b>	<b>2:00PM - 4:00PM @ Forum</b>		

\* If we have enough time

\*\* To be determined around mid-to-late September