
CORPORATE FINANCE in Fall 2018 (BA3010B)

Course Code	BA3010B	Professor(s)	Jean-pierre Nicolas, James Noel Ward
Prerequisites	None	Office Number	Grenelle 3-A04
Class Schedule	TF: 10:35-11:55 in G-002	Office Hours	N/A
Credits	4	Email	jnicolas@aup.edu, jward@aup.edu
Semester	Fall 2018	Office Tel. Ext.	579

Course Description

Basic concept of present value (Chap. 1), value annuities and perpetuities, and cover compound interest (Chap. 2). Review towards sophisticated use of financial statements and ratio analysis and forecasting. Analysis of models for valuing bonds and stocks (Chap. 6,7). We use simplified Capital Asset Pricing Model in our calculation of the firm's cost of capital, and determine the optimal capital structure. Other topics: net present value of project cash flows, dividend policy, and IPO.

Course Learning Outcomes

Be able to determine capital budgeting needs for the firm
Calculation of the optimal capital structure
Deriving Dividend Policy for the firm
Forecast Financial Statements

General Education

[PLEASE EDIT OR REMOVE THE FOLLOWING TEXT AS APPLICABLE]

The general education program at AUP consists of four requirements: Speaking the World, Modeling the World, Mapping the World, and Comparing Worlds Past and Present.

This course can be used to fulfill the [INDICATE THE REQUIREMENT(S) FULFILLED BY THE

COURSE] requirement and as such has the following learning outcomes:

[INDICATE THE GENERAL EDUCATION LEARNING OUTCOMES]

Course Outline

Topic	Chapter	Note
Introduction to Corporate Finance		Prof.
Present Value, annuities, perpetuities	Chapter 2	
Financial Statements	Chapter 3	
Ratio Analysis	Chapter 13	
Stock Valuation	Chapters 6, 7	
Bond Valuation	Chapters 6, 7	
Introduction to Risk	Chapter 4	
Risk and Return	Chapter 4	
Portfolio Theory, CAPM	Chapter 5	
Portfolio Theory, CAPM	Chapter 5	
MINI -MID TERM ONE	PAIN	Bring
Cost of Capital	Chapter 9	
Capital Budgeting	Chapter 10	
Cash Flow Analysis	Chapter 11	
Forecasting Financial Statements	Chapter 14	
MINI -MID TERM TWO	PAIN	Bring
Capital Structure	Chapter 16	
Dividend Policy	Chapter 18	
Initial Public Offering	Chapter 20	
Final Exam Review	All	LAST

Textbooks

Title	Author	Publisher	ISBN	Required
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Financial Management: Theory and Practice, 1st Edition	Dr. Eugene Brigham, Michael C. Ehrhardt, Roland Fox	Cengage	9781473729605	Yes
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Attendance Policy

AUP ATTENDANCE POLICY: Students studying at The American University of Paris are expected to attend ALL scheduled classes. A maximum of four (4) excused absences per semester may be requested for all 4-credit courses. Attendance at all exams is mandatory.

Student Affairs will recommend a professor excuse an absence for the following reason only: Involuntary absences due to illness or personal emergencies, upon presentation of documentary proof of illness or emergency.

Religious and National Holidays: Due to the large number of nationalities and faiths represented at the University, religious and national holidays (other than those on the academic schedule) will not be excused by Student Affairs.

IN ALL CASES OF MISSED COURSE MEETINGS, THE RESPONSIBILITY FOR COMMUNICATION WITH THE PROFESSOR AND FOR ARRANGING TO MAKE UP MISSED WORK RESTS SOLELY WITH THE STUDENT.

Whether an absence (excused or unexcused) is accepted or not is ALWAYS up to the discretion of the professor or the department. Unexcused absences can result in a low or failing participation grade. In the case of excessive excused and unexcused absences, it is up to the professor or the department to decide if the student will receive an "F" for the course. An instructor may recommend the withdrawal of a student whose absences from any course, excused or not, have made it impossible to continue in the course at a satisfactory level. The professor may consult with Student Affairs for additional information.

Students must be mindful of policy when making their travel arrangements, especially during the Drop/Add and Exam Periods.

PROF WARD's ATTENDANCE POLICY: I take attendance and you must repeat the course if you miss more than four (4) sessions....and yes more than ten (10) minutes "late" four times counts.

All other policies, including academic integrity, are bound by the university's general policy. Copies of the University's policies were given to each student at registration and are available at the office of the Registrar. You have signed an agreement to abide by them.

How to Succeed In This Course: Pick Answer A or Answer B. An ACADEMIC COURSE is.....:

A. a series of meetings where an instructor shows you exactly what will be on a test, you memorize those answers, and then you regurgitate those answers back when you take the test, then you get academic credit.

B. a combination of learning through reading the assignments, working through example exercises, attending lectures, doing projects, and thinking about the material in your daily life using the examples, methods, vocabulary, and techniques that are part of the range and scope of the subject matter.

The answer is "B" NOT "A."

A course is a combination of methods of learning. Description "A" is a method of training. You can train a dog or a pig to herd sheep with such a method, you can train a prisoner to memorize the Koran and become a member of the Religious Police upon release, you can train someone to break down and clean a firearm blindfolded with such a method (my wife and children can do this) but it is not a course on a subject matter, ...it is training to a test or task. It teaches you how to do, but it does not teach you how to thinkand do.

To do well in this course you must:

Attend the class sessions.

Read the assignments and work the little exercises along with the text.

Think about the material and the new way of thinking it is exposing you to.

Complete the assignments.

Read the supplemental material.

Think about the material in the world around you...

Tests and assignments are designed to SAMPLE whether you are engaging in the material or not, and will quickly reveal whether you are merely “present” versus “thinking and learning.”

There is no way to learn this material by me standing here telling you about it or you just listening to your fellow students. If you believe just sitting in a classroom is going to make you good at understanding material, then you must believe that sitting in a garage would turn you into a car. To learn you will have to work exercises. If you make effort, that effort will be rewarded with consciousness, knowledge, comprehension and eventual mastery of this material and these skills. This is a COURSE: an education, not a training sequence.

***Content Modification:** In the Anglo-American academic tradition a professor has full control of the content and organization of a course, materials, classroom, and grading practices and may modify it at any time based on assessment and progress of the students. It is more likely I will have to do that than not.

Grading Policy

GRADING: ALWAYS SUBMIT ASSIGNMENTS IN BOTH A HARD COPY AND BY E-MAIL.

30 points mini mid-terms (15 points each)

15 points Project/Assignments/Case Studies/Attendance

15 points Quizzes

40 points FINAL EXAM

I do not accept late assignments. If a student misses a quiz due to absence a zero is recorded as grade. There are seven to ten quizzes and I drop the lowest quiz. NO exam absences are tolerated unless you present an excuse from Student Affairs, NO LATER THAN 1 WEEK FOLLOWING THE ABSENCE.

Grading Scale:		Excellent		Good		Average	
95-100	A (4.0)	87-89	B+ (3.3)	77-79	C+ (2.3)	67-69	
90-94	A- (3.7)	84-86	B (3.0)	74-76	C (2.0)	64-66	
		80-83	B- (2.7)	70-73	C- (1.7)	60-63	
						Under 60	

Grading Description:

- **Excellent:** Reserved for superior quality and outstanding performance.
- **Good:** Granted to above average and thorough performance
- **Average:** adequate and acceptable work meeting course requirements, average comprehension
- **Unsatisfactory:** An unacceptable and non-passing grade reserved for low performance.

In general, the high and low level of grading scale are reserved for exceptional cases. An excellent (A or B+) is reserved for outstanding performance. An unsatisfactory (under C-) grade level is to be avoided and students will be required to meet a drop/add deadline.

Electronic files

- E-documents should also include student's name and ID number (top of first page), page numbers, font size 12, saved as Word document, and e-mailed to me on or before the deadline.
- File name should start with student's last name, first name, course number, and title of assignment. Any file with wrong file name and format will be automatically rejected and regraded. For example, John SMITH's final paper will be named as:

Smith-John-BA4010-FinalAssignment

I am well-known for Failing ("F") students who cheat and I petition the Honor Board for their ("expulsion") from the University. Finance is the most highly regulated industry in the world, more rigorously regulated than even the Nuclear Power industry, and there are still too many 'crooks' in the profession. I will not allow my name to be associated with a cheat, meaning I will not allow you receiving a degree from this institution. I also am a famously easy grader for those who consistently give me their best, and improve over the course.

Other

Teaching Assistants: My Teaching Assistants for this course will be available in the Academic Resources Center for tutoring and assistance. **This course is very hard and this material is difficult.** Please turn to them for help. In addition, I have some Paris-based recent grads who could tutor you (for a fee) if you really get in trouble.

Communication: We use Blackboard for this course. Students are responsible for checking the blackboard website and their AUP email for updates. I have all sorts of stuff on Blackboard and will be putting up more.

Laptops & Mobile Telephones & Tablets:

- Laptops are not allowed during classes except when authorized for note taking or for specific exercises. Permission may be reversed.
- Mobile-phones should be either off or on silent mode. If you are "PHONESTURBATING" during class lectures I will confiscate your telephone. If your telephone goes off during class I SEIZE YOUR TELEPHONE Until Next Class.
- YOU HAVE BEEN WARNED.