**Professor Kose John E-mail:** [kjohn@stern.nyu.edu](mailto:kjohn@stern.nyu.edu) **Office:** KMC 9-50

**SYLLABUS – Spring 2021 | Corporate Finance | FINC-UB.0007**

***The course syllabus is a general plan for the course; deviations may be announced to the class.***

**FINC-UB.0007.005** Mon-Wed 9:30 AM - 10:45 AM (UG Section .005) /// On Line

**FINC-UB.0007.001** Mon-Wed 2:00 PM - 3:15 PM (UG Section .001) /// On Line

**Professor John’s Office Hours:** Tuesdays 10 AM-11 AM, Thursdays 11 AM-12:00PM

(You can go to my office hour regardless of which section you are enrolled in. Based on student request/demand, I will expand the office hours).

**Teaching Fellows: Eva Dong Email: xxd2012nyu.edu**

**Saurav Bose: Email:sb6321@nyu.edu**

You can go to any TA’s office hours (TBD) regardless of which section you are enrolled in.

**Course website:** NYUClasses

**Course description:**

This is an introductory course in corporate finance. The course has four main objectives:

1) Develop an understanding of the tools that are used to value investment projects and companies.

2) Understand the basic issues involved in how firms should raise funds for their real investments.

3) Evaluate how investment and financing decisions are related.

4) To provide the student with a sophisticated framework for making financial decisions in any context (beyond those in corporate finance and the financial industry).

**Prerequisites:**

The prerequisite for this class is a passing grade in Foundations of Financial Markets. Therefore, you should be comfortable with the following topics: time value of money, discounted cash flow analysis, risk-return trade-off, diversification, valuation of bonds and stocks, and the Capital Asset Pricing Model (CAPM). You are responsible for the understanding how your calculator works.

**Course Material:**

Lecture Notes: Lecture notes will be posted on NYUClasses two weeks before we discuss the material in class. (Please see under Resources).Right after the class corresponding to each Lecture, Lecture Notes with solutions will be posted under Resources in NYUClasses.

Textbook (optional, but recommended): The lecture notes are self-contained. As background reading for those who wish to read ahead of the lecture or dig deeper into the material, I recommend the following outstanding Text Book:

**Brealey, Myers, and Allen, *Principles of Corporate Finance*, McGraw-Hill. (13th Edition)You are welcome to read the relevant material from an earlier edition of the text book.**

**Problem Sets:**

We will have 7-9 problem sets throughout the semester. The problem sets are intended to help you understand the lectures and prepare yourself for the type of questions asked in the final exam. Problem sets and deadlines will be announced in class and on the course website.

You will submit problem sets on the course website in PDF format. If you encounter any technical problem that delays your homework submission, please take screenshots of the problem and send your homework and the screenshots as attachment to your grader. The deadline still applies in the case. You are responsible for your PDF file to be functional and legible.

Problem Set Graders: Eva Dong and Saurav Bose

9:30 AM - 10:45 AM (Section .005): **Eva Dong Email: xxd2012nyu.edu**

2:00 PM - 3:15 PM (Section .001): **Saurav Bose: Email:sb6321@nyu.edu**

**Grading of Problem Sets:**

Grading of problem sets will based on effort to encourage you to try and learn from the exercise. Do not try to argue about the amount of effort you put into the problem sets. Show your effort in what you turn in. For each problem set, you receive:

0: if you copy any part of your homework from someone else’ or someone else copies any part of your homework; or you never turn in the problem set before your final exam

1: if you put in less than expected effort; if you did not try all the problems

2: if you put in considerable effort in completing the problems.

Late problem set submission: if you turn in the problem set late (even just by one second, but before the final), your score will be discounted by 50%. Exceptions will be made for students who experience a documented serious illness (with doctors’ notes) or a documented family emergency. Exceptions will also be made for religious observances or civic obligations only when the problem set cannot reasonably be completed prior to the due date and you make arrangements for late submission with me at least one week prior to the due date. Doctors’ notes need to state that the student is unable to work on the problem set between two specific dates, with doctors’ signature, address and phone number.

**Midterm and Final (May have to be changed to comply with on-line policies of the school).**

**Midterm:** Midterm will be administered on **March 22** during class time. It will be mostly multiple choice questions based on the material covered during the first half of the semester. It will be open book. There will be no makeup on the Midterm, but the 20% grade will be carried over to the Final exam.

Final Exam will be administered on the specified day to be determined by registrar during the Final Exam Period:

Midterm and final will contain many multiple choices. The Final will also contain 3 or 4 short problems similar to the ones on the Problem Sets and the supplementary problems. **Supplementary problems and solutions** (corresponding to each one of the lectures) will be posted under “Assignments” in NY Classes. **Additional practice problems** with solutions will be posted from time to time under “Assignments” in NY Classes. This material as well as the Problem sets are designed to give you mastery over the finance concepts and their application.

*There will be no make-up exams for either the midterm or the final*. If you cannot take the midterm exam, the weight of the midterm exam will be added to the final exam. If you take the midterm exam, you do not have the option of dropping your midterm exam score and having the weight of the midterm exam added to the final exam.

The exam times are non-negotiable. If you have a legitimate conflict\*, you must inform me **by the end of Feb 3** (i.e. Please check now to ensure the exam days do not conflict with a religious holiday, etc.). If you think you will miss an exam and think you have a legitimate conflict\* that grants a makeup exam, (1) contact the instructor as soon as possible and (2) show the instructor reliable proof of legitimate conflict. Without clear and hard evidence, you will not get a makeup exam.

\*The following events are not considered legitimate conflicts for this course: interviews that can be rescheduled, weddings, birthdays, flights, traffic, alarm/phone malfunctioning and so on.

\*\*Doctors’ notes accepted for this course need to state that the student is unable to attend the class on the date of the class, with doctors’ signature, address and phone number. If you have an interview that conflicts with the exam time, you need to show me effort trying to reschedule it without success (email records). You also need to provide the recruiter’s company email for me to verify the situation. The recruiter cannot be a relative or (family) friend.

You cannot take an exam that is not in your assigned section. Both exams are open book.

All exams are the property of the instructor and will not be returned. Anyone who does not turn in the entire exam (including questions) at the end of the exam will receive a 50% discount on the exam score. Students will have opportunities to review the exam and solutions at the TF’s office.

If you believe that your exam is not graded fairly, you have the right to make a formal appeal. In this case, you need to submit a written explanation why you think we should adjust the grading. You need to submit your appeal within one week after the exam. The grader and I will then have a look at your explanation and your exam and see whether an adjustment is warranted. We reserve the right to re-grade the entire exam. Following department guidelines, I will not give incompletes.

**Grading:**

At NYU Stern we teach challenging courses that allow students to demonstrate mastery of the subject matter. Assigning grades that reward excellence is important to ensuring the integrity of our curriculum and the value of your diploma. Even though the class is an online class, I am going to make great effort to ensure that there is sufficient interaction between the students and the instructors (including the TAs) and also among students. In addition to plenty of office hours, you will have opportunities for asking questions and making remarks on the concepts discussed in class. I am planning to have several break-out exercises and forum discussions specifically to promote these exchanges of ideas. Therefore, I strongly encourage class participation on the part of the students. A total of 20% of the grade (10% for class participation and 10% for group project) is meant to provide incentives for various types of interaction among students in which students learn from each other. Your cumulative grade will be determined by points for different activities allocated as follows:

* **Quizzes: 15%**
* **Problem sets: 5%**
* **Midterm: 20%**
* **Final: 40%**
* **Class Participation (CP): 10% (Attendance, in-class participation, coming to office hours, participation in Forum Discussions by postings).**
* **End-Semester Project 10%**

**Quizzes:** After each major topicthere will be a short quiz consisting of 8-10 multiple choice questions. **I will take the grades for the best 4 of the 6 quizzes that are administered.**

**Problem Sets, Midterm, and Final as well as their grading were discussed earlier.**

**Class Participation:** Good participation makes the classes more interactive, and more of a learning experience. There are several ways you can earn CP grades. Being regular in class, asking questions and comments in class on Chat or orally, participating in Forum discussions, coming and seeing me or the TAs during office hours are all different ways of earning CP points.

1. Coming to class on time and keeping the camera on all the time is a great start.
2. Posting questions on Chat and raising your hand to ask questions, and asking questions are all good ways of earning CP points.
3. Another great way to earn CP points is to participate in the several Forum discussions that I will launch on NYUClasses. After I would post the topic on the Forum, all students should make their own initial post. After that please respond to at least two of your classmates initial posts.
4. Participating vigorously in the Break-out exercises, and reporting the solutions to the class counts for CP.
5. When you have questions on the material, or if you feel that you falling behind in class I encourage strongly to come and see (on Zoom) me and the TAs. I will expand the office hours as necessary to meet the demand. Questions asked during office hours qualify for CP grade.
6. At the end of the semester, I will ask each student to provide a summary of the class participation logs maintained by the student. In addition, different TAs and Zoom recordings will be keeping track of a lion’s share of your participation throughout the semester, to allocate your CP grade.

**End-Semester Project Report and Presentation**: This is a group project. Each students selects into 5-6 member groups. From a list of topics in corporate finance that I will post on NYUClasses on February 8th, each group chooses a topic of their interest. The topic is discussed in depth in several group meetings during the semester. **On May 3rd,** a short report (of 4-5 pages) and slides for a short Presentation (7 or 8 minutes) will be submitted. The presentations will take place in class **on May 5th and May 10th**. The grades for the project will be assigned based on the quality of the topic and analysis, the quality of the written report and the quality of the presentation.

**Class Communication:**

The NYUClasses website is the central location where all teaching materials are posted. Class announcements will be posted here. Problem Sets and their solutions will be posted under Resources in NYUClasses. I will also post additional practice problems and solutions.

If you have any questions, you may come to my or TAs’ office hours. Questions pertaining to problem sets and practice problems should be posted directly to the related online discussion forum. The TF and I will monitor these forums frequently. These forums help ensure that all students have access to the same information. Please do not use e-mail to ask problem set and practice exam related questions. We may not respond to these questions via email.

*Deadline for exam-related questions (midterm and final exams):*

To ensure fairness, there is a deadline for exam-related questions: We will answer questions that you post online by 6:00pm EST two days before the exam. Questions sent or posted afterwards will not be answered until after the exam. For example, if the exam is on Monday, questions posted after Saturday at 6pm will be answered after the exam.

**Calculator:**

Please bring a calculator to class. You will need the calculator to do exercises in class. There are no restrictions regarding the type of calculator you may use but you are responsible for the understanding how your calculator works. Any calculator that can compute powers will do the job.

**Keeping up with the Class:**

If you attend class regularly, complete the problem sets, and make sure that you understand all concepts discussed in class, you should pass the class. If you feel that you are doing all these things but you are still falling behind, please talk to the instructor. We will find a way to improve your learning experience and help you to keep up. If you do not come to class or choose to not pay attention in class, you are responsible for the material you miss.

**Academic Integrity:**

Integrity is critical to the learning process and to all that we do here at NYU Stern. All students are expected to abide by the **NYU Stern Student Code of Conduct**. A student’s responsibilities include, but are not limited to:

A duty to acknowledge the work and efforts of others when submitting work as one’s own. Ideas, data, direct quotations, paraphrasing, creative expression, or any other incorporation of the work of others must be clearly referenced.

A duty to exercise the utmost integrity when preparing for and completing examinations, including an obligation to report any observed violations.

Please see www.stern.nyu.edu/uc/codeofconduct for more information. Violations of the honor code may result in a failing grade for the class or more severe consequences. If false documentation is used to extend problem set deadline or receive a makeup exam, it is considered as a serious offense and may result in a failing grade for the class or more severe consequences.

**General Conduct and Behavior:**

Students are expected to maintain and abide by the highest standards of professional conduct and behavior. Familiarize yourself with Stern's Policy in Regard to In-Class Behavior & Expectations (http://www.stern.nyu.edu/portal-partners/current-students/undergraduate/resources-policies/academic-policies/index.htm) and the NYU Disruptive Behavior Policy (<http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/bullying--threatening--and-other-disruptive-behavior-guidelines.html>).

**Students with Disabilities:**

Students whose class performance may be affected due to a disability should notify me early in the semester so that arrangements can be made, in consultation with the Henry and Lucy Moses Center for Students with Disabilities, to accommodate your needs. Please see www.nyu.edu/csd for more information.

**Course Content:**

The class is divided into 8 topics. We will spend 2 - 4 classes on each topic, depending on the length of the prepared lecture notes and the number of questions you have. If time permits, we will cover additional topics. These are the topics we will cover:

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| --- | --- | --- |
| Topic | Lecture Notes | Brealey/Myers/Allen |
| **Valuation** |  |  |
| Net Present Value | 1 | 2.1 – 2.3, 6.3 |
| Rules for Making Investment Decisions | 2 | 5.1 – 5.4 |
| Cash Flow Analysis | 3 | 6.1, 6.2, 10.2 – 10.3 |
| Real Options | 4 | 10.4, 22.2 – 22.4 |
| Cost of Capital | 5 | 8.2 – 8.3, 9.1 – 9.3 |
| **Financing** |  |  |
| Capital Structure | 6 | 17.1 – 17.4, 18.1 – 18.3 |
| Payout Policy | 8 | 16.1 – 16.5 |
| **Valuation & Financing** |  |  |
| Capital Structure and Investment Decisions | 7 | 19.1 – 19.4 |