



FIN 553
COURSE SYLLABUS

Prof. Jordan Nickerson

Spring 2023

Office: Paccar 431

Classroom: PCAR 295

E-mail: jnick@uw.edu

Meetings: T Th 3:30pm – 5:20pm

Office Hours: TBD

Course Objectives

The objectives of the course are to learn the concepts and general theories of corporate finance. More importantly, the goal is to learn how to apply these concepts and make informed decisions regarding real financial problems that you will encounter in your professional career. An immediate goal is that upon completing this course, you have a better understanding of the financial decisions firms have to face. Finally, the course is designed to prepare you with all the background information necessary to do well in your remaining finance classes.

Course Description

This course will focus on a wide variety of financial decisions faced by the firm, primarily from the point of view of the manager. Naturally, this results in a course that is broad in scope, covering many different topics. Nevertheless, additional emphasis will be placed on topics relating to the asset side of the balance sheet (capital budgeting, strategic investment decisions, etc.). The primary topics covered in the class include:

- (1) Capital budgeting techniques
- (2) Asset valuation and the trade-off between risk and return
- (3) Cost of capital
- (4) Capital structure
- (5) Mergers and acquisitions/Leveraged buy outs
- (6) Real options

While some topics naturally lend themselves to case discussions, other topics require a more “lecture style” approach. The result is a class that will be roughly 50/50 in terms of time spent discussing cases vs. lectures.

Course Website:

All materials will be distributed via Canvas.

Email Correspondence

I understand that the primary means by which students will ask for clarification is via email. I will do my best to answer all emails with 24 hours of receiving them. However, to make sure the emails come to my attention and aren't lost in the shuffle, begin the subject with: **FIN 553**

Course Materials

Jonathan Berk, and Peter Demarzo, “Corporate Finance”

The book is available at the bookstore and online. All editions cover similar material and may be used. The book is **COMPLETELY OPTIONAL** and is not necessary for the class.

Note Packet: EZ Copy carries a packet of all my slide handouts (they may not be available the first week of class). The packet is also optional, but is very inexpensive. I'd recommend grabbing a copy so you can follow along/take notes with handouts that closely mirror my slides. I'll also be posting a digital version of the slides online, if you'd prefer that instead.

Cases

The Harvard Business School (HBS) cases can be purchased from EZ Copy.

Each case will be accompanied by a set of questions. These case questions will **serve as a basis for discussion in class**, and you are not required to turn in a case write-up. You have two options to earn credit during case discussion days: either actively participate in the case discussion, or turn in a case write-up addressing the case questions posed.

Calculator

Each student is required to bring a calculator to exams. At a minimum, the calculator must have \ln , e^x , and xy functions. You may use a business calculator (such as HP 10bII, TI BAII Plus or calculators with similar capabilities) on the exam. If you opt to use a business calculator you will be expected to learn the calculator's features on your own.

Laptops and Cell Phones

Laptops will be allowed during class but are not to be used during exams. Students are also allowed to take notes on a tablet. Additionally, the use of cell phones is strictly prohibited at all times during the class.

Staying Up to Date

You are encouraged to follow financial and macroeconomic news in the Financial Times, Wall Street Journal, or The Economist. Additionally, we will start most classes with a brief overview of current events in the financial world.

Course Structure

Each facet of the course is designed to help you better comprehend the material covered and to measure your mastery of the ideas and concepts covered.

The primary goal of the lectures will be to cover the main ideas and theories pertaining to corporate finance and to relate them to what we observe in the real world. The purpose of case studies are to provide students with a real world setting in which they can apply corporate finance concepts.

Exams: Will consist of all material covered up to the prior class period. This includes material covered in class, even if it is not contained in the slides/handouts. All exams will be closed-book. For the first exam, you are allowed one 3.5" by 5" note card containing whatever formulas, notes, and examples that you can fit on both sides.

For the final you will be allowed a second note card. Absence from any exam will result in a grade of zero unless PRIOR arrangements have been made. The final exam will be **cumulative**. Updated details regarding the final exam (test date, etc.) will be posted soon.

The final course grade will be based on the following grading weights:

- Cases – **30%** earned from either class participation or case write-ups (student choice)
- Midterm Exam – **30%**
- Final Exam – **30%**
- * Midterm/Final Flex Position – **10%**

* Flex Position: 10% of your grade will equal the better score of either 1) your final exam or 2) your midterm score. This is designed to reduce the harm done if you have a bad day taking one of the exams.

Foster policy targets 3.2 as the median course grade for FIN 350. I will curve up, if necessary, to achieve this target, but will not curve down.

Optional Homework: I will publish a large set of (short) homework sets. These problems will not be turned in or graded, but are instead designed to give you more exposure to the types of questions which might be asked on an exam.

Re-grading Policy

Re-grade requests for exams and homework must be made **in writing** within seven (7) days after the graded materials is returned in class. Requests must clearly and specifically state your reasons for objecting to your assigned score on a particular question. Please keep in mind that the whole assignment, instead of a specific question, is subject to re-grading.

Preparing for Classes

It is strongly recommended that you attend the lectures, as my exam material is drawn from the lecture topics and notes. After the lecture, you should go through your notes for review. Students will find that the exams are based on the basic concepts covered in lecture notes and applications of these concepts from the suggested problem sets.

Special Arrangements and Exam Conflicts

If you have a documented disability and anticipate the need for accommodations in this course, please make arrangements to meet with me as soon as possible.

Washington state law requires that UW develop a policy for accommodation of student absences or significant hardship due to reasons of faith or conscience, or for organized religious activities. The UW's policy, including more information about how to request an accommodation, is available at (<https://registrar.washington.edu/staffandfaculty/religious-accommodations-policy/>). Accommodations must be requested within the first two weeks of this course using the Religious Accommodations Request form (<https://registrar.washington.edu/students/religious-accommodations-request/>).

A student who misses the final exam (with a valid excuse) will receive a grade of “incomplete” for the quarter. After the student takes the make-up exam on the scheduled date, I will change the incomplete to the earned course grade. If a student fails to show up for the make-up exam, he/she will receive a zero for the exam.

Scholastic Dishonesty

Personal integrity is the key to your success and happiness in business and life. Throughout your life, you will be expected to abide by the ethics of the culture in which you find yourself, and failure to do so can destroy your career or worse. The TA and I will not tolerate any cheating or other dishonesty. In order to ensure fairness on behalf of the overwhelming majority of honest students, we will refer anyone suspected of academic dishonesty to the Associate Dean for Undergraduate Programs. There are no exceptions to this policy under any circumstances. If a student is found guilty of academic dishonesty by the Associate Dean, the student will receive a 0.0 for the course in addition to any punishment determined by the Undergraduate Program Office.

Class Schedule: To Be Updated Soon