

FIN 581 Syllabus

ABOUT THE COURSE

Course Description

This course integrates theory and practice for major topics such as capital structure and dividend policy. Additional topics include corporate governance, mergers and acquisitions, short-term financial management, and risk management. These topics are examined from the perspective of the corporate financial manager.

Prerequisites

FIN 531, BE 530, ACC 505, and (DS 520 or IMSE 514)

Please note that students are expected to have thorough and working knowledge of materials covered in all prerequisite courses. If you took the prerequisite courses quite a while ago, you are responsible for refreshing yourself on the materials covered in these courses. For instance, you are strongly recommended to kickoff the term with the materials posted on the "FIN 531 Topics - Self Review" Module. Contact me if you have any concerns about the prerequisite requirement!

Course Objectives

Students will demonstrate thorough understanding of the theoretical foundation and practical consideration associated with managerial decisions related to obtaining capital with various types of securities and contracts, capital structure, interactions between financing and investing decisions, and distributing cash to investors. Students will be able to explain different motives of mergers and acquisitions and use different valuation approaches to determine the offer terms. Students will demonstrate understanding of options and option-like securities used in the corporate setting. Finally, students will demonstrate understanding of basic concepts related to selected topics such as short-term financial management,

hedging and risk management, and/or key characteristics of corporate governance in the U.S. and other major world economies.

MBA Context Related Objectives

The following MBA context related objectives are addressed in FIN 581:

Objective 1 – Students will demonstrate knowledge of disciplinary concepts, terminology, models and perspectives, under the category of finance. This will be addressed via online discussions, assignments, and examinations.

Objective 2 – Students will identify business problems and apply appropriate solutions (problem-finding/problem-solving). This will be addressed via online discussions, assignments, and examinations.

Objective 5 - Students will effectively communicate business solutions. This will be addressed via online discussions, assignments, and examinations.

Detailed information about the learning objectives for the MBA program may be found on the COB website at <http://umdearborn.edu/cob/mba-goals-and-objectives/>
(<http://umdearborn.edu/cob/mba-goals-and-objectives/>).

MS in Finance Program Objectives

The following MS in Finance Program Objectives are addressed in FIN 581 via online discussions, assignments, and examinations.:

1. Students will demonstrate the ability to analyze and manage risk in a global setting.
2. Students will demonstrate the ability to estimate the value of real or financial assets.
3. Students will demonstrate the ability to evaluate managerial decisions concerning financial policy.
4. Students will be able to convey finance knowledge through effective communication.

Detailed information about the learning objectives for the MSF program may be found on the COB website at <http://umdearborn.edu/cob/ms-finance-goals-and-objectives/>
(<http://umdearborn.edu/cob/ms-finance-goals-and-objectives/>).

CONTACTING THE PROFESSOR

Hei-Wai Lee, Ph.D., CFA

Office: 113 FCS

Telephone: 313.593.5524

Fax: 313.271.9837

Email: heiwail@umich.edu (<mailto:heiwail@umich.edu>)

Office Hours

I encourage you to contact me via Canvas email and/or schedule a private Zoom meeting with me regarding your concerns, questions and/or suggestions pertaining to the course materials. I will generally be able to reply to your inquiry within one business day.

In addition, I may schedule OPTIONAL Q&A Zoom sessions on Fridays periodically according to the interests of the class.

COURSE RESOURCES AND STUDENT RESPONSIBILITIES

Readings

- Corporate Finance by Ross, Westerfield and Jaffe, 12nd ed. 2019, Irwin/McGraw-Hill (Required). ISBN number is 9781259918940.
- Lecture Notes and Slides (Required). Both are accessible via Modules.
Note: Some of the lecture materials are partly adapted from the Instructor's Manual that accompanies the Corporate Finance textbook.
- Additional Readings to be assigned and posted on Modules and Discussions forums designated for assigned chapters.

Supplemental Learning Resources

- Subscription to the Wall Street Journal. UM-Dearborn students have complimentary access to the Wall Street Journal online : <https://library.umd.umich.edu/verify/wsj.php>
- Access to FactSet, the Wall Street Journal and other news websites for keeping abreast of current events.
- A financial calculator: Texas Instrument Business Analyst II+ (recommended model).

- Since I post lecture materials and class announcements on Canvas, and may contact you from time to time via your Canvas email, you are **expected to regularly access the information that I communicate with the class and you on Canvas**. If you experience technical issues with Canvas, please directly seek assistance from Canvas - <https://help.instructure.com/home> (<https://help.instructure.com/home>) as I have limited expertise in technical issues related to Canvas.

Student Responsibilities

As an online course, the predominant mode of teaching includes posted lecture materials (that include notes, slides and readings), discussions, and assignments. Students are also expected to do outside reading of journals and newspapers to remain current with applications of course topics. Students should expect to spend at least 10 hours each week on course materials during a regular semester (Fall/Winter). **This workload doubles during the Summer term.**

The following is the recommended study plan each week:

1. Study the posted lecture materials (i.e. notes and slides) and supplemental readings, and the assigned chapters from the textbook.
2. Become familiar with the learning objectives stated in each unit's lecture notes.
3. If you do not understand some points, reread the lecture materials and/or the text chapters slowly and thoughtfully.
4. If you need further learning assistance on course materials, I encourage you to ask me by Canvas emails or schedule an one-to-one appointment with me, and/or post your questions on the designated forums for the assistance of the class.
5. Work through many (if not all) practice problems that I post on the designated forum for each chapter, and actively participate in online discussions of the suggested (ungraded) practice problems, and applications posted by the class.

Students are responsible for observing the deadlines for all class activities including assignments, discussions, and examinations. Missing assignments and/or discussions will significantly affect your understanding of the material and affect your grade. You are required to complete all assignments by the due date, and to actively participate in class discussions. Students are expected to log on at least two times a week – on different days in order to participate in discussions and/or keep up with the reading assignments.

COURSE OUTLINE

Readings

Week Starting	Topic	Chapter(s)
June 30	FIN 531 Topics - Self Review; Long-Term Financing & Corporate Governance: An Introduction	Review Notes; ' & Readings
July 5	Long-Term Financing & Corporate Governance: An Introduction Capital Structure Theory	15, 16, & Readings
July 12	Capital Structure in Practice Valuation and Capital Budgeting for the Levered Firm	17, 18, & Readings
July 16 (Friday) Individual Assignment Report - DUE by 11:59 pm EST		
July 19	Dividends and Other Payouts Raising Capital	19, 20, & Readings
July 25	Homework Assignment I – Due by 11:59 pm EST	
July 25 & 26	Midterm Examination	15, 16, 17, 18, & Readings
July 26	Raising Capital Options and Corporate Finance	20, 22, & Readings
August 2	Options and Corporate Finance Warrants and Convertibles	22 & 24
August 9	Mergers and Acquisitions Short-Term Financial Management	29 & 26, & Readings
August 16	Short-Term Financial Management	28
August 17 (Tuesday)	Group Assignment Report – Due by 11:59 pm EST	
August 23 (Monday)	Homework Assignment II – Due by 11:59 PM EST	

Week Starting	Topic	Chapter(s)
August 23 & 24 Final Examination		20, 22, 24, 29 & 26 (& 28?) and Readings

Note: The Course Outline and Schedule is subject to change at my discretion!

COURSE EVALUATION AND GRADING SCHEDULE

Course Evaluation

A. TWO Examinations – 57% (Higher scored examination accounts for 32%)

Each examination will be accessible for the assigned time period, i.e., access window, however, the actual length of time allowed for each examination will be shorter than the entire access window. Each examination is composed of a TIMED online component and a TIMED offline component, both are accessible via Canvas Quizzes. For the TIMED offline component of each examination, you are asked to download the examination paper on your own computer during the access window from Quizzes such that you can work on it even if Canvas is down during the time period. You are advised to contact me via my UM Dearborn email for my assistance immediately if Canvas is down during the access window. There will be NO extension of the examination period without my written approval!

- **Midterm Examination – from July 25th (Sunday) 12:01 am EST to July 26th (Monday) 11:59 pm EST**
- **Final Examination – from August 23rd (Monday) 12:01 am EST to August 24th (Tuesday) 11:59 pm EST**

You are required to take and complete both components of each examination during the above specified access window. You may begin your examination anytime within the access window. Please remember that both examination components will force completion. Once you start taking the examination, you must finish it. Students will not have the opportunity to save their work and come back at a later time. The examination MUST be submitted the first time it is launched. Further details and instructions regarding the examinations will be provided at a later time when the examinations approach.

Makeup examination, which can be different from the scheduled examination in term of length and/or scope, will only be considered for students who can provide **official documentation of unanticipated severe circumstances, i.e., emergencies or illness**. Students must inform the

instructor of such circumstances as soon as possible, preferably before the examination, but NO later than ONE calendar day of missing a scheduled examination. I will assume that a student has more time to prepare for the make-up examination, so I will do a **downward adjustment in your grade**. Thus it is highly recommended that make-up examination is taken as the last resort.

Each examination is open book and notes.

For each examination, students are NOT allowed to receive any assistance in any form from any other person (including those who are not enrolled in this course) for any reason. Students are also NOT allowed to provide any assistance in any form to any other person for any reason.

- Examinations are semi-cumulative, i.e., selected Midterm Examination topics could be included in the Final Examination coverage.
- Coverage: lecture notes & slides (accessed via Modules), assigned readings (accessed via Modules), practice and homework problem sets, assigned textbook chapters, and assignments.
- Format: multiple choices questions, short answers/fill-in-the-blanks, essay questions, and show-your-work numerical problems.
- **Questions and problems in each examination assess your thorough understanding of course materials, and hence will not simply be modifications of practice and homework problems.**

B. Individual Assignment - 8%

- ***Due by July 16th (Friday).***
- The instructions handout and required readings for the Assignment are posted on Assignments for your reference.

C. Group Assignment - 20%

You are asked to form groups of ***TWO (or three) members among yourselves for the group assignment.***

- ***Due by August 17th (Tuesday).***
 - Further instructions will be posted on Assignments by July 16th (Friday) 11:59 pm EST!
 - ***Note: 35% of individual member's grade for the group assignment will be determined according to the peer evaluation of their contributions to the group work by their teammates. Each group is expected to allocate analytical tasks of the group assignment (reasonably) equally among teammates. **Free-rider behaviors are strongly discouraged!!!** The***

course instructor may further consider the peer evaluation reports in determining his share of the grade assigned to each group member.

D. Individual Show-Your-Work Homework Assignment(s) – 7%

The two homework assignments are composed of respective samples of past examination problems and selected end-of-chapter problems. While you are encouraged to share work (except spreadsheets) and seek assistance on the homework problem sets via posting on the designated discussion forum, you are required to submit your OWN work to the instructor for grading and credit!

- ***Homework Assignment I is due by July 25th (Sunday) 11:59 pm EST***
- ***Homework Assignment II is due by August 23th (Monday) 11:59 pm EST***

Note: You are required to submit only ONE individual homework assignment for regular credit (of 6%). In other words, if you submit HW I for credit, you do not have to submit HW II. If you choose to submit both homework assignments, your lower scored one will be awarded up to THREE bonus points that count directly toward your course grade.

E. Class Participation – 8%

In order to enrich students' learning experience in an online course, it is critical to have active interactions among the participants. In this course, students are expected and required to actively and frequently contribute to the interactive learning of the class via their constructive posting on the designated discussion forums in the following ways:

1. Respond to the mandatory discussion topics posted by the instructor within 7 calendar days from Monday of the week the chapter is initially assigned; and
2. Post, and/or respond to, questions concerning assigned reading materials and/or lecture materials within 7 calendar days from Monday of the week the chapter is initially assigned; and/or
3. Post your work on, and/or respond to questions concerning, selected practice problems within 7 calendar days from the date the practice problem set is posted, OR before the instructor's posting of the practice problem solutions and unpinning the forum, whichever is earlier; and/or
4. Post your work on, and/or respond to questions concerning, selected homework problems within 10 calendar days from the date the homework problem set is assigned, OR before the examination access window starts, whichever is earlier; and/or
5. Introduce (and lead discussion on) topics, news articles, readings from business magazines or journals or other sources that are **clearly relevant to the course materials** by Friday evening of the week the chapter is initially assigned.

Note that your class participation grade will be directly proportional to both the QUALITY and quantity of your discussion postings on the public forums that are accessible to the entire class.

For earning a grade of A- or above in this grading component, you are required to introduce and lead QUALITY discussions on at least ONE relevant topic, OR introduce at least ONE news article or business reading and lead QUALITY discussions on it, OR a combination of the above two categories, during the 7-week semester. You are also responsible for providing a post that concludes/summarizes the discussions led by you for the learning reference of the class. In addition, you are required to contribute a weekly average of more than 3 QUALITY discussion entries during the 7-week semester.

For earning a grade in the range of B- through B+ in this grading component, you are required to contribute a weekly average of more than 2 QUALITY discussion entries during the 7-week semester. In addition, you are required to participate in mandatory specific discussion topic(s) assigned by the instructor in order to earn an A or B grade in this component.

For earning a grade in the range of C- through C+ in this grading component, you are required to contribute a weekly average of more than 1.2 QUALITY discussion entries during the 7-week semester.

You will receive a failing grade if you fail to fulfill the minimum requirements for class participation as outlined above for a C- grade in this component. Please be advised that if the level of your class participation were unusually unsatisfactory in quantitative and/or quality, you will be assigned zero point for this grading component. Be reminded that this grading component is one of the determinants of your overall course grade!

A "QUALITY" discussion posting is broadly defined as one that carries substantial content and is relevant to corporate finance issues (including practice and homework problem sets) and contributes positively to the learning experience of the class. Examples of NON-Quality posting include a brief comment like 'Good point, Joe!'; 'I agree to what you said.'; 'How's life outside Metro Detroit.'; 'Does anyone need a group?'; 'Does your group need a third member?'; 'I get the same answer.'; etc. Also, postings on the "Self Introduction" section and postings of administrative nature such as group formation will NOT be counted toward the grading requirement!

Net-etiquette

When posting or responding to other posts in the Discussions area, remember to always show respect for others. Discussions are not the place for personal attacks. Points of criticism are allowed, even encouraged. However, when posting anything critical, do so in a constructive manner focusing on ideas and reasoning – not on any person. Please refrain from using inappropriate language and/or slang. In other words, be reasonable, constructive, and professional. Thank you!

Grading Scale

Letter grades will be assigned based on the following scale:

A	A-	B+	B	B-	C+	C	C-	D	E
>	93.5 -	89.4 -	85.9 -	81.4 -	77.9 -	74.9 -	70.9 -	67.4 -	<
93.5%	89.5%	86.0%	81.5%	78.0%	75.0%	71.0%	67.5%	57.0%	57.0%

Late Submission of Assignment

A deduction of 5% for each day an assignment (except examinations) is late. **No credit will be given to late assignment submitted three calendar days past its due date** without prior notification of extenuating circumstances and written approval by the instructor before the due date of the assignment. **No credit will be given to late posts on Discussions.** Contact the instructor in advance if unusual circumstances prevent you from completing an assignment by its submission deadline.

UNIVERSITY-WIDE COURSE POLICIES

Academic Integrity Policy

The University of Michigan–Dearborn values academic honesty and integrity. Each student has a responsibility to understand, accept, and comply with the University's standards of academic conduct as set forth by the Code of Academic Conduct

(<http://catalog.umd.umich.edu/academic-policies-campus/academic-code-of-conduct/> (<http://catalog.umd.umich.edu/academic-policies-campus/academic-code-of-conduct/>), as well as policies established by each college. Cheating, collusion, misconduct, fabrication, and plagiarism are considered serious offenses. Violations will not be tolerated and can result in penalties up to and including expulsion from the University.

Course Policy on Academic Integrity

Students are expected to be familiar with The University of Michigan–Dearborn's [Statement of Student Rights and Code of Student Conduct](http://www.umd.umich.edu/policies_st-rights/). (http://www.umd.umich.edu/policies_st-rights/)

Academic integrity is taken seriously in this course. If any violation against academic integrity is discovered, the student(s) will be responsible for receiving a failing grade for this course, and the incident will be reported to the Dean for further action. Students are advised that the University's academic integrity policy applies to all evaluative assignments including examinations, case study, and homework problem sets, etc.

Grade Determination

Your final grade is determined solely by the grading components presented in the Course Evaluation and Grading Schedule section in this Syllabus. In addition, no special consideration concerning your general academic situation can be offered. The final grade in this course, once assigned, will not be changed except in the event of a grading error.

Absence From Examination

Absence from the scheduled examination will only be granted to students who can provide official documentation of (unanticipated) illness or personal emergency. The students are responsible for informing the instructor as soon as possible regarding a missed examination. Otherwise, students will receive a score of zero for missing examinations. Students are responsible for the costs and fees associated with arranging for his/her taking the missed examination. Read the "Course Evaluation" section for further details on the makeup examination policy!

Appeal

Students may appeal grading of an examination or other assignment by providing a written (neatly typed and professionally presented) appeal that describes the nature of the disagreement. All appeals must be submitted to the instructor via Canvas Email within FIVE days after the return of the assignment or the posting of its grade. The instructor will conscientiously consider all qualified appeals and render a decision within a reasonable period of time. However, the instructor reserves the right to regrade the entire examination or assignment which would result in a lower grade if errors are found which were originally marked as correct.

Grade Grievance

A student may grieve a final course grade or a grade on an examination, project, thesis or any other graded material required for graduation. This grievance process is intended to provide the student the protection against evaluations which are prejudicial, arbitrary, or capricious.

Examples of grading problems which can be grieved are:

1. Clerical error
2. Prejudicial evaluation
3. Inconsistent or inequitably applied standards of evaluation

There is a presumption that the grades assigned are correct and therefore the student has the burden of proof in the grievance process (i.e. s/he must establish clerical error; capricious or

prejudicial evaluation; or inconsistent or inequitably applied standards of evaluation). To start this process, the student should contact the Department Chair or Program Director before the end of the fifth week of classes in the first full term following the term in which the disputed grade was issued.

Finally, the academic calendar for each semester is at umdearborn.edu/rr_academic-calendar [\(https://umdearborn.edu/rr_academic-calendar/\)](https://umdearborn.edu/rr_academic-calendar/). Make sure you note important dates such as first and last day of classes, examination period, study day, and holidays.

Accommodations for Students with Disabilities

The University will make reasonable accommodations for persons with documented disabilities. Students need to register with Disability Resource Services (DRS) every semester they are enrolled. DRS is located in Counseling & Disabilities Services, 2157 UC [\(https://umdearborn.edu/students/disability-services\)](https://umdearborn.edu/students/disability-services). To be assured of having services when they are needed, students should register no later than the end of the add/drop deadline of each term. If students have a disability that necessitates an accommodation or adjustment to the academic requirements stated in this syllabus, students must register with DRS as described above and notify your instructor.

Harassment, Sexual Violence, Bias, and Discrimination

The University of Michigan-Dearborn recognizes that students have a right to study in a safe atmosphere free of sexual violence, harassment, bias and discrimination. Should students wish to report an incident of sexual assault, harassment, bias and discrimination, visit <https://umdearborn.edu/offices/enrollment-management-student-life/incident-and-complaint-reporting>.