

**INTER AMERICAN UNIVERSITY OF PUERTO RICO
METROPOLITAN CAMPUS
BUSINESS FACULTY
GRADUATE DEPARTMENT
MBA FINANCE PROGRAM**

SYLLABUS

I. GENERAL INFORMATION

Course Title : Advanced Corporate Finance
Code & Number : BADM 6190
Credits : 3 credits
Academic Term :
Instructor :
Office Location and
Hours :
Office Telephone :
Email Address :

II. DESCRIPTION

ADVANCED ANALYSIS OF BUSINESS MANAGEMENT. EMPHASIS ON THE STUDY OF THE FACTORS AND VARIABLES FOR THE DECISION-MAKING OF INVESTMENT IN ASSETS, CAPITAL STRUCTURE AND DIVIDEND POLICY. IT INCLUDES THE THEORY OF INVESTMENT PORTFOLIO AND VALUATION MODELS OF CAPITAL ASSETS. PREREQUISITE: BADM 5190

III. OBJECTIVES

It is expected that upon completing the course, the student should be able to:

1. Discuss the basic concepts of finance.
2. Discuss the corporate valuation models.
3. Evaluate the application of the cost of capital and capital budgeting.
4. Evaluate dividends payouts and capital structure.

IV. CONTENT

<u>Week</u>	<u>Topic</u>	<u>Chapter</u>	<u>Hours (percentage of a 3-hour course)</u>
1	Review on basic concepts: financial accounting	1, 2 & 3	4.5 (10%)

2	Review on basic concepts: time value of money	4, 5	
Quiz #1			
3	Risk and return & pricing theory	6	
4	Portfolio theory	7	13.5 (30%)
5	Cost of Capital	9	13.5 (30%)
Quiz #2			
5	Capital Budgeting	10, 11	13.5 (30%)
Quiz #3			
6	Real Options	24, 25	
Quiz #4			
7	Payout: dividends	14, 26	
8	Capital Structure decisions	15	

Final Exam/Quiz #5

All materials for Quizz #1 has been covered in BADM 5190 therefore is mostly a review session. You are expected to master these topics and as such you will be accountable for researching additional textbooks and materials so you can become a finance maven.

V. LEARNING ACTIVITIES

This may sound too obvious for some but past experiences tell me that I need to clarify: this course is in English. All course material and evaluations (see part VI. of this syllabus) will be turned in and quizzes will be answered in the English language.

The applied nature of much of the accounting/finance/management information in the MBA Program demands a range of teaching and learning methods. These methods include direct contact with the instructor (using Blackboard: http://www.metro.inter.edu/distancia/Manual_BB_Metro_inter.pdf), discussion of specific issues with other students, learning, reading, individual and group projects, accessing data using the internet, computer tools and programs (Excel is used most frequently), and analysis of companies data. The feedback will be offered through Blackboard system. The main activities of the course include the following issues:

- A. This is a 100% on-line course. As such, students should read the material from the course content available in Blackboard and the recommended text(s)

(<http://www.metro.inter.edu/distancia/Politica%20sobre%20la%20Educacion%20a%20Distancia.pdf>).

- B. Any question, comparison or clarification of a topic or an issue should be delivered immediately to the instructor through Blackboard or using your official Campus email account (this is your email on the @intermetro.edu domain). Avoid duplications of mails. Your instructor will contact you as soon as possible (normally before 48 hours, excluding non-labor days).

Optional activities as time permitted: How to use group discussion for the Projects parts: Students may form groups to discuss their selection of companies, data collection, data calculation, data analysis and preparing final draft. Students can share the source of data, validating data, and helping each other in how to calculate some financial indicators, how to prepare tables, how to use Excel, and how to prepare final draft. **Each student should write his own project's parts and cannot use the same paragraphs used by other students** to avoid **PLAGIARISM**.

COMMUNICATION: To avoid problems in accessing the course, you have to be sure that you have a good access. Remember the professor can answer issues with respect the material of the course and cannot help you if you have problem in technology. Communication and technology problems should be notified to Long Distance Learning Center. You have to access the course at least three times per week. If you fail to do this, the professor might withdraw you from the course. The instructor may update the course content giving new exercises, quizzes or modifying dates and contents of the course. You have to be aware about all messages and new material posted in the system. Blackboard offers email between us all but if you want to send an urgent message with timely response use my university email account ajfernos@intermetro.edu and not the Blackboard one. These two are different email addresses.

VI. EVALUATION

<u>Evaluation</u>	<u>Description</u>	<u>% Points</u>	<u>Weight (%)</u>
Quizzes	4 partial exams	100	70%
Position paper of academic journal	Comprehensive insight	100	10%
Final exam	Final quiz	<u>100</u>	<u>20%</u>
Total		300	100%

No make-up exams are allowed. You will be allowed to have a financial calculator the day of the exam but you may not use the calculator in your mobile, iPad, Tablet, etc. Any inconvenience or any condition that will not enable a student to take one of the required evaluations should be discussed with the instructor **before the date of the evaluation**. You *might* have two tries in some of the evaluations (quizzes and exams), if you decide to take the two tries, the average will be considered and under no circumstances the highest grade will be considered. The second attempt enables students to auto-evaluate the first attempt. It is highly recommended to take the exam for one attempt by accessing the exam on the first day(s) of the evaluation period. If the evaluation is offered for more than two days, please do not leave the evaluation for the last day. No “**Feedback**” will be given in the last day of any evaluation. Problems with the evaluations (e.g. dates, material, etc.) should be communicated to your professor **before the date of the**

evaluation. Please do not send messages after the exam saying you couldn't take it for any reason.

The position paper of an academic journal: You will be able to choose the journal article of your choice and will submit a short analysis of argument on the foundations laid by the authors and how they claim to prove it. The professor may assign this as a group project. Check on the "Assignment" folder for further details.

All exams require Blackboard or MS Teams, you can find information about this requirements in the Welcoming Page of the course. Also, you can contact the Technology Development Center "**CENTRO APRENDIZAJE A DISTANCIA Y DESARROLLO TECNOLÓGICO**" (CADDIT) or the CIT personnel for more information. Also, students can take exams in the Metropolitan Campus facilities. Available seating in the CADDIT is limited. If you decide to take the exams at the CADDIT, call at least one week in advance. Please do not assume you can show up at the CADDIT and will be accommodated immediately.

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You have to access the course at least two times per week. If you fail to do this, the professor might withdraw you from the course. The instructor may update the course content giving new exercises, quizzes or modifying dates and contents of the course. You have to be aware about all messages and new material posted in the system.

VII. SPECIAL NOTES

A. AUXILIARY SERVICES OR SPECIAL NEEDS SERVICES

All students who require auxiliary services or special assistance must request them at the beginning of the course or as soon as they become aware that they need them, through the corresponding registry, in the Office of the Coordinator of services for students with disabilities, Dr. María de los Ángeles Cabello. She is located in the Counseling and Counseling Program, office 111, on the first floor of the John Will Harris building, extension 2306

B. HONESTY, FRAUD, AND PLAGIARISM:

Dishonesty, fraud, plagiarism and any other inappropriate behavior in relation to academic work constitutes major infractions sanctioned by the General Student Regulations. The major infractions, as stated in the General Student Regulations, may have as a consequence, suspension

from the University for a definite period greater than one year or the permanent expulsion from the University, among others sanctions.

C. USE OF ELECTRONIC DEVICES:

Cellular telephones and any other electronic device that could interrupt the teaching and learning processes or alter the environment leading to academic excellence will be deactivated. Any urgent situation will be dealt with, as appropriate. The handling of electronic devices that allow students to access, store or send data during evaluations or examinations is prohibite.

D. COMPLIANCE WITH THE PROVISIONS OF TITLE IX

The Federal Higher Education Act, as amended, prohibits discrimination because of sex in any academic, educational, extracurricular, and athletic activity or in any other program or function, sponsored or controlled by a higher education institution, whether or not it is conducted within or outside the property of the institution, if the institution receives federal funds.

In harmony with the current federal regulation, in our academic unit an Assistant Coordinator of Title IX has been designated to offer assistance and orientation in relation to any alleged incident constituting discrimination because of sex or gender, sexual harassment or sexual aggression. The Assistant Coordinator Mr. George Rivera Rodriguez, be reached by phone at (787) 250-1912, extension 2262, or by e-mail griverar@metro.inter.edu .

The Normative Document titled Norms and Procedures to Deal with Alleged Violations of the Provisions of Title IX is the document that contains the institutional rules to direct any complaint that appears to be this type of allegation. This document is available in the Web site of Inter American University of Puerto Rico (www.inter.edu).

VIII. EDUCATIONAL RESOURCES

Textbook:

Brigham, Eugene F. and Michael C. Earhardt. (2019). **Financial Management Theory and Practice** 16th Ed.

You can access a pdf copy of the text on the “Content” folder in Blackboard.

Reference Books:

Berk and DeMarzo. (2017). **Corporate Finance** 4th ed. Pearson.

Corporate Finance Institute. (2017). **Financial Ratios eBook**. The Corporate Finance Institute.

Madura, J. (2010). **Mercados e Instituciones Financieras**. 8va edición. Cengage

A mapping on the book chapters to the topics of the course is your responsibility and yours only. If you find yourself struggling with the course material, don't hesitate to email me and we can set a meeting during office hours. If you are not able to do so we can always find a time to chat via Skype. Don't underestimate the course content. This is an action packed course in finance and my expectations are high.

Suggested Readings

A text to help improve your financial analysis and understanding balance sheets, profit and loss statements and cash flow statements, How to Read a Financial Report by John Tracy published by John Wiley & Sons, Inc. is the recommended (but not required) reading. This is the shortest (200 pages), least expensive (\$21) and clearest book on the subject that I have found.

For the conceptual issues:

1. Stephen Ross, Randolph Westerfield and Jeffrey Jaffe, Corporate Finance, Irwin McGraw-Hill, (RWJ)
2. M. Grinblatt, and S. Titman, 1998, Financial Markets and Corporate Strategy, McGraw Hill (GT)
3. The approach taken in this book is unapologetically analytic rather than descriptive. Still the book is very suited for an MBA class. Note, please, that this book is "two steps up" with respect to RWJ and it is suited for those students that a. are very interested in the topic, and b. had some exposure to finance already. I think this is a very very very good book on corporate finance.
4. J. Stern, and D. Chew, 1998, The Revolution in Corporate Finance, Blackwell.

A collection of readings in Corporate Finance. I find the papers very clear and up to the point.

For the more applied issues:

5. T. Koller, M. Goedhart, and D. Wessels, 2005, Valuation: Measuring and Managing the Value of Companies, Wiley. A very nicely written book by world-class authors. A classic book in valuation studied in practically all major business schools.
6. A. Damodaran, 1996, Investment Valuation, Wiley. One of the many books on the topic written by "one of the top 10 business teachers in the US" (Business Week). It has all the information you may want to know and sometimes even more! No matter whether you use this book or not, check his webpage: it is impressive and it has a lot of good stuff on valuation. Here is the address: <http://people.stern.nyu.edu/adamodar/>

I will assume that you have already read Chapter 1 and Chapter 2 in the book or that you are familiar with the topics covered in those chapters.

The Time Value of Money. This lecture is completely devoted to the methods used to “bring sum of money back and forth in time”, and to the analysis of the Net Present Value (NPV) rule. These are the most fundamental (and the most used) concepts in finance.

IT IS THE STUDENT’S RESPONSIBILITY TO HAVE:

- 1) COMPUTER WITH INTERNET ACCESS
- 2) TEXTBOOK
- 3) FINANCIAL CALCULATOR (PLEASE FIND THE “FINANCIAL CALCULATORS” FOLDER IN BLACKBOARD)

RECOMMENDED REFERENCES

Brigham & Besley, 2015, CFIN4, Cengage. Textbook assigned for undergraduate introduction to finance courses.

Blackboard: Mail, Chatting, group discussion, etc. Exercises and problems with respect to the course content require the use of “Excel” and the use of companies’ data from: [Business and Company Resource Center \(Infotrac\)](#), “Yahoo. Financial”, SEC data base, companies.

IX. BIBLIOGRAPHY (OR REFERENCES)

Damodaran, Aswath (2015), Applied Corporate Finance, 4th edition, Wiley & Sons, Inc. ISBN 978-1-1118-80893-1, www.wiley.com.

Van Horne, James C., Financial Management & Policy, 12th Ed., Prentice Hall 2001.

Meggison, William L, Scott B. Smart, Introduction to Corporate Finance, Thomson/ South Western 2006.

Ross, Stephen A., R.W. Westerfield, J. F. Jaffe, B.D. Jordan Corporate Finance – Corporate Principles and Applications McGraw-Hill/Irwin 2007.

Barclay, Michael J. and Clifford W. Smith, “The Determinant of Corporate Leverage and Dividend Policies”, Journal of Applied Corporate Finance, 7, (Winter 1995).

Leary, M.T. and M.R. Roberts, 2010, “The pecking order, debt capacity, and information asymmetry”, Journal of Financial Economics, 95, 332–355.

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