

MGMT 413: Advanced Corporate Finance

Spring 2024

Instructor	Professor Ha Diep-Nguyen KRAN 547 You can contact me via email, but the best way is through this form. https://forms.gle/3TP691tvGmib6MnJ8
Sections	002, MWF 3:30-4:20, RAWL 3058 003, MWF 2:30-3:20, RAWL 2082
Prerequisites	MGMT 310 or equivalent
Office hours	Office hours are held once a week at 4:30-5:30 pm Fridays in KRAN 547 If this time does not work for you, contact me to arrange another time to meet. I encourage you to come to office hours with questions. In addition, for me to best prepare to help you, you can send an email beforehand with your questions. Putting your question(s) in writing will be helpful for you too!
Course overview and Learning Outcomes	<p>The purpose of this course is to provide you with an overview of how businesses make investment and financing decisions, and how value is created in a business. Topics we will cover include the time value of money, capital budgeting, the cost of capital, capital structure, payout policy, financial statement analysis, and valuation. By the end of this course, you should be able to:</p> <ul style="list-style-type: none">• Evaluate corporate projects and make decisions based on financial data.• Understand how investment and financing decisions impact the value of the firm.• Develop sophisticated spreadsheet models in Excel.• Analyze a firm's financial statements and value the firm.• Effectively communicate complex financial analyses to peers
Course materials	<ul style="list-style-type: none">• Text: No required textbook. The recommended textbooks are <i>1. Ross, Westerfield, and Jordan. Fundamentals of Corporate Finance, 12th edition. (RWJ)</i> <i>2. Ross, Westerfield, Jaffe and Jordan. Corporate Finance, 12th edition. (RWJJ)</i>• Course materials are uploaded to Brightspace before class. Solutions are uploaded after class.
Class format	The class is a mix of lecture discussion, in-class exercises, and group work for your project. Because it is unlikely you will succeed in this class without participating, attendance is required. If you cannot attend because of sickness

or an emergency, please contact me before the class to let me know why you cannot attend.

Class etiquette

I encourage everyone to participate in class, by asking/answering questions and engaging in class discussions. Because active participation is important to your success in this class, the use of laptops, cell phones, or any other electronic device is not allowed unless it is related to class activity.

Grading

Following department policy, grades for this course are determined on a relative basis (curve). Before curving, grades will be determined as follows:

Component	Weight
Participation	10%
Problem Sets	15%
Quizzes	15%
Case Assignments	20%
Final Exam	20%
Final Project	20%
Total	100%

You can also earn **bonus points** in following ways:

- The bonus quiz at the beginning of the semester. The quiz tests basic understanding of the class structure. You have 3 attempts and all the information you need to answer the quiz can be found in the syllabus. Scoring 90% or above will earn 1 point to your final grade.
- The in-class bonus questions throughout the semester. Having the correct answer to the problems we work on in class will earn 0.25 point (for each question) to your final grade.
- The in-depth discussion of selected topics. You can write an essay about one of the discussion topics. I will grade the essay and give bonus points (from 1 to 3 points) according to its quality.

Participation

I expect you to actively engage in this course by:

- Attending every class, except in emergencies. I will take attendance on randomly selected classes, and this will make up your attendance grade. If you must miss a class, you need to contact me **through the contact form** in advance for that day to not be marked absent (i.e., points deducted).
- Being an active participant in class by engaging in discussions and asking/answering questions.
- Completing all assignments on time.
- Being respectful. This means you should arrive on time, communicate with your instructor ahead of time if you must miss a class for an emergency, and be courteous to those around you.

While I do not expect this to happen, a student's grade will be lowered a full letter grade (i.e., B- to C-) if the student is frequently late to class without excuse and/or frequently disrupts the class learning atmosphere

Problem Sets	There are 12 problem sets in total, one every week. As you have unlimited time and five attempts to try the problem sets, you should get 100% as long as you keep trying. The purpose of the problem sets is to practice class materials and review for quizzes.
Online Quizzes	The purpose of the quizzes is to ensure that you are keeping up with the material. There are 3 quizzes in total, which account for 15% of your grade, or 5% each. Quizzes are online in class, there will be no makeup for missing quizzes. If you must miss a quiz, you have to contact me through the contact form in advance to make an arrangement. Otherwise, your grade for the missing quiz will be zero.
Case Assignments	There are a total of 6 case assignments. I encourage you to collaborate on solving the cases, however you must understand the solution and write your own answer. Assignments must be submitted on time; no credit will be given for late homework. The primary goal of the case assignment is not to evaluate you, but to help you learn by applying class materials in real-life situations. Therefore, assignments will be generously graded. Cases will be discussed in class before the due dates and solutions will be posted and reviewed after the due dates.
Final Exam	The final exam is cumulative and closed book , but a cheat sheet will be allowed. There will be sample exams for you to get to know the format. If you must miss the exam, I will need prior notice and evidence for why you must miss the exam. Provided you obtain my consent in advance, a final exam makeup can be arranged. Otherwise, your grade for missing the final exam will be zero.
Term project:	<p>A large component of your grade will be a group project valuing a Fortune 500 firm and presenting your valuation. The goals of this project are threefold:</p> <ol style="list-style-type: none"> 1. To apply class tools and demonstrate your understanding of firm valuation. 2. To meaningfully communicate your analysis to others 3. To gain experience working effectively in a team setting <p>We will analyze and value Apple Inc. in class. While the valuation environment for every company will be unique, the Apple case will provide you with a structure for your group's firm valuation.</p> <p>Your project will have 2 deliverables: modelling spreadsheets and a report (PDF preferred). Your analyses are expected to be professional work. I will provide a document in Brightspace with specific details. Further, we will discuss the project more as the class progresses.</p> <p>You are required to submit your work on Brightspace as well as provide a printout of the report on the presentation day. To make sure you are on track to successfully complete the project, I break it down into subtasks with</p>

corresponding deadlines. Please see the course schedule for these important dates. No credit will be given for late submissions.

Tentative schedule

Week	Topic	Assignments
Unit A: Cost of Capital		
1	Introduction to corporate finance Discussion: <i>The US listing gap</i>	Problem Set 1.1
	A1. Cost of Capital	
	A1. Cost of Capital	
2	MLK Day: No Class	Problem Set 1.2 Case 1. Extraction Equipment Group formed
	A2. Capital structure (1): Perfect markets	
	A2. Capital structure (2): Tax	
3	A2. Capital structure (3): Bankruptcy	Problem Set 1.3 Case 2: Eastern Products
	Discussion: <i>Hedge fund activism in bankruptcy</i>	
	A2. Capital structure (4): Agency Problems Discussion: <i>Covenant-lite loans</i>	
4	A2. Capital structure (5): Putting it together	Problem Set 1.4
	A3. Payout Policy	
	A3. Payout Policy	
Unit B: Cash Flows		
5	Quiz 1	Problem Set 2.1 Case 3: West Point Supply
	B0. Financial Statements Review	
	B1. Ratio Analysis	
6	B2. Projecting financial statements (1): Sales	Problem Set 2.2 Company Picked
	B2. Projecting financial statements (2): Costs & WC	
	B2. Projecting financial statements (3): Capex & Others	
7	B2. Pro formas (1): Basics	Problem Set 2.3 Case 4: Holiday Lights
	B2. Pro formas (2): Leverage	
	B2. Pro formas (3): Cash	
8	B3. Free Cashflows	Problem Set 2.4
	B3. Free Cashflows	
	The Apple case	
Unit C: Valuation		
9	Quiz 2	Problem Set 3.1
	C0. Time Value of Money Review	
	C0. Time Value of Money Review (Pre-recorded)	

10	Spring Break	
11	C1. DCF Valuation (Valuing firms)	Problem Set 3.2 Project Pro Forma Due
	C1. DCF Valuation (Valuing firms)	
	The Apple case	
12	C2. Capital Budgeting (Valuing projects) (1): Methods	Problem Set 3.3 Case 5. Sharon Pipe
	C2. Capital Budgeting (Valuing projects) (2): Principles	
	C2. Capital Budgeting (Valuing projects) (3): Analysis	
13	C2. Capital Budgeting (Valuing projects) (4): Advanced Discussion: Climate risk and ESG	Problem Set 3.4 Case 6. Sweet Treat
	C3. Project analysis (1)	
	C3. Project analysis (2)	
Presentation and Final Review		
14	Project Feedback	Project Final Report Due
	Project Feedback	
	Quiz 3	
15	Group presentation	
	Group presentation	
	Group presentation	
16	Group presentation	
	Final Exam Review	
	Final Exam Review	

Appendix

Classroom Guidance Regarding Protect Purdue

Any student who has substantial reason to believe that another person is threatening the safety of others by not complying with Protect Purdue protocols is encouraged to report the behavior to and discuss the next steps with their instructor. Students also have the option of reporting the behavior to the Office of the Student Rights and Responsibilities. See also Purdue University Bill of Student Rights and the Violent Behavior Policy under University Resources in Brightspace.

Academic Guidance in Event of Quarantine/Isolation and/or other Emergency

If you must miss class at any point in time during the semester, please reach out to me via Purdue email so that we can communicate about how you can maintain your academic progress. If you find yourself too sick to progress in the course, notify your adviser and notify me via email or Brightspace. We will make arrangements based on your particular situation. Please note that, according to Details for Students on Normal Operations for Fall 2021 announced on the Protect Purdue website, “individuals who test positive for COVID-19 are not guaranteed remote access to all course activities, materials, and assignments.”

Academic Integrity

Academic integrity is one of the highest values that Purdue University holds. Individuals are encouraged to alert university officials to potential breaches of this value by either emailing integrity@purdue.edu or by calling 765-494-8778. While information may be submitted anonymously, the more information is submitted the greater the opportunity for the university to investigate the concern. More details are available on our course Brightspace table of contents, under University Policies.

Nondiscrimination Statement sample language:

Purdue University is committed to maintaining a community that recognizes and values the inherent worth and dignity of every person; fosters tolerance, sensitivity, understanding, and mutual respect among its members; and encourages each individual to strive to reach his or her potential. In pursuit of its goal of academic excellence, the University seeks to develop and nurture diversity. The University believes that diversity among its many members strengthens the institution, stimulates creativity, promotes the exchange of ideas, and enriches campus life. A hyperlink to Purdue’s full Nondiscrimination Policy Statement is included in our course Brightspace under University Policies.

Mental Health/Wellness

If you find yourself beginning to feel some stress, anxiety and/or feeling slightly overwhelmed, try WellTrack. Sign in and find information and tools at your fingertips, available to you at any time.

If you need support and information about options and resources, please contact or see the Office of the Dean of Students. Call 765-494-1747. Hours of operation are M-F, 8 am- 5 pm.

If you find yourself struggling to find a healthy balance between academics, social life, stress, etc., sign up for free one-on-one virtual or in-person sessions with a Purdue Wellness Coach at RecWell. Student coaches can help you navigate through barriers and challenges toward your goals throughout the semester. Sign up is completely free and can be done on BoilerConnect. If you have any questions, please contact Purdue Wellness at evans240@purdue.edu.

If you're struggling and need mental health services: Purdue University is committed to advancing the mental health and well-being of its students. If you or someone you know is feeling overwhelmed, depressed, and/or in need of mental health support, services are available. For help, such individuals should contact Counseling and Psychological Services (CAPS) at 765-494-6995 during and after hours, on weekends and holidays, or by going to the CAPS office on the second floor of the Purdue University Student Health Center (PUSH) during business hours.

CAPS also offers resources specific to COVID-19 on its website. Topics range from “Adjusting to the New Normal” to “How to Talk with Professors about Personal Matters.”

Basic Needs Security

Any student who faces challenges securing their food or housing and believes this may affect their performance in the course is urged to contact the Dean of Students for support. There is no appointment needed and Student Support Services is available to serve students 8 a.m.-5 p.m. Monday through Friday. Considering the significant disruptions caused by the current global crisis as it relates to COVID-19, students may submit requests for emergency assistance from the Critical Need Fund

Emergency Preparation

In the event of a major campus emergency, course requirements, deadlines and grading percentages are subject to changes that may be necessitated by a revised semester calendar or other circumstances beyond the instructor's control. Relevant changes to this course will be posted onto the course website or can be obtained by contacting the instructors or TAs via email or phone. You are expected to read your @purdue.edu email on a frequent basis.