Corporate Finance

Class code  FINC-UB 9007 - 001

Instructor Details  Dr David Edelshain

Class Details  Fall 2013

Thursday mornings 9am to 12pm

Location to be confirmed.

Prerequisites  None

Class Description  Session 1 Session 1 Financial Management in the Context of Business Objectives

Session 2 Valuation of Future Cash Flows, The Time Value of Money
Session 3 Discounted Cash Flows
Session 4 Bonds and Equities
Session 5 Capital Budgeting 1
Session 6 Revision & Progress Test
Session 7 Review of Test & Issues in Capital Budgeting
Session 8 Risk & Return 1
Session 9 Risk & Return 2
Session 10 More Elements of Capital Budgeting, Project Analysis and Evaluation
Session 11 Cost of Capital & Long term Financial Policy
Session 12 Sourcing Capital
Session 13 Leverage
Session 14 Options
Session 15 Final Test

Each session begins with a lecture. There follows case presentations and discussions.
**Desired Outcomes**

To give you an introduction to financial management, sourcing, managing and investing funds

To enable you to develop business objectives, use financial statements, analytical control tools and techni

To understand how financial management interfaces with other management functions

Failure to submit or fulfil any required course component results in failure of the class.

**Assessment Components**

Class participation 10%, Progress Test 20%, Final Test 30%, Class Presentations 40%

Class group presentations take place each week in the second half of the session when two to three page written summaries and powerpoint slides are due for submission.

Failure to submit or fulfil any required course component results in failure of the class.

Be as specific as possible about your expectations regarding student work

**Assessment Expectations**

*Grade A:* Excellent work, well argued with good examples

*Grade B:* Very competent work with relevant examples

*Grade C:* Adequate work with some examples

*Grade D:* Barely adequate work with a few examples

*Grade F:* Poor work with irrelevant examples

**Grade conversion**

NYU in London uses the following scale of numerical equivalents to letter grades:

A=94-100
A-=90-93
B+=87-89
B=84-86
B-=80-83
C+=77-79
C=74-76
C-=70-73
D+=67-69
D=65-66
F=below 65

Where no specific numerical equivalent is assigned to a letter grade by the class teacher, the mid point of the range will be used in calculating the final class grade (except in the A range, where 95.5 will be used).
Grading Policy

NYU in London aims to have grading standards and results in all its courses similar to those that prevail at Washington Square.

At NYU Stern, we strive to create courses that challenge students intellectually and that meet the Stern standards of academic excellence. To ensure fairness and clarity of grading, the Stern faculty have adopted a grading guideline for core courses with enrollments of more than 25 students in which approximately 35% of students will receive an “A” or “A-“grade. In core classes of less than 25 students, the instructor is at liberty to give whatever grades they think the students deserve, while maintaining rigorous academic standards.”

Attendance Policy

NYUL has a strict policy about course attendance. No unexcused absences are permitted. While students should contact their class teachers to catch up on missed work, you should NOT approach them for excused absences.

Excused absences will usually only be considered for serious, unavoidable reasons such as personal ill–health or illness in the immediate family. Trivial or non-essential reasons for absence will not be considered.

Excused absences can only be considered if they are reported in accordance with guidelines which follow, and can only be obtained from the appropriate member of NYUL’s staff.

Please note that you will need to ensure that no make-up classes – or required excursions - have been organised before making any travel plans for the semester. See also section 11.1 - Make up days.

Absence reporting for an absence due to illness

1. On the first day of absence due to illness you should report the details of your symptoms by e-mailing absences@nyu.ac.uk including details of: class(es) missed; professor; class time; and whether any work was due including exams. Or call free (from landline) 0800 316 0469 (option 2) to report your absences on the phone.

2. Generally a doctor’s note will be required to ensure you have sought treatment for the illness. Contact the Gower Street Health Centre on 0207 636 7628 to make an appointment, or use HTH general practitioners if you cannot get an appointment expediently at Gower Street.

3. At the end of your period of absence, you will need to complete an absence form online at http://bit.ly/NuCl5K. You will need to log in to NYU Home to access the form.

4. Finally you must arrange an appointment to speak to Nigel Freeman or Donna Drummond-
Smart on your first day back at class. You must have completed the absence form before making your appointment.

Supporting documentation relating to absences must be submitted within one week of your return to class.

**Absence requests for non-illness reasons**

Absence requests for non-illness reasons must be discussed with the Academic Office prior to the date(s) in question – no excused absences for reasons other than illness can be applied retrospectively. Please come in and see us in Room 308, 6 Bedford Square, or e-mail us at academics@nyu.ac.uk.

**Further information regarding absences**

Each unexcused absence will be penalized by deducting 3% from the student’s final course mark. Students are responsible for making up any work missed due to absence.

Unexcused absences from exams are not permitted and will result in failure of the exam. If you are granted an excused absence from an examination (with authorisation, as above), your lecturer will decide how you will make-up the assessment component, if at all (by make-up examination, extra coursework, viva voce (oral examination), or an increased weighting on an alternate assessment component, etc.).

NYUL also expects students to arrive to class promptly (both at the beginning and after any breaks) and to remain for the duration of the class. If timely attendance becomes a problem it is the prerogative of each instructor to deduct a mark or marks from the final grade of each late arrival and each early departure.

Please note that for classes involving a field trip or other external visit, transportation difficulties are never grounds for an excused absence. It is the student’s responsibility to arrive at an agreed meeting point in a punctual and timely fashion.

Please refer to the Student Handbook for full details of the policies relating to attendance. A copy is in your apartment and has been shared with you on Google Docs.

---

### Late Submission of Work

Written work due in class must be submitted during the class time to the professor. Late work should be submitted in person to a member of NYU London staff in the Academic Office (Room 308, 6 Bedford Square) during office hours (Mon – Fri, 10:30 – 17:30). Please also send an electronic copy to academics@nyu.ac.uk for submission to Turnitin.

Work submitted within 5 weekdays after the submission time without an agreed extension receives a penalty of 10 points on the 100 point scale.

Written work submitted more than 5 weekdays after the submission date without an agreed extension fails and is given a zero.

Please note end of semester essays must be submitted on time.

---

### Plagiarism Policy

Plagiarism: the presentation of another piece of work or words, ideas, judgements, images or data,
in whole or in part, as though they were originally created by you for the assignment, whether intentionally or unintentionally, constitutes an act of plagiarism.

Please refer to the Student Handbook for full details of the plagiarism policy.

All students must submit an electronic copy of each piece of their written work to www.turnitin.com and hand in a printed copy with the digital receipt to their professor. Late submission of work rules apply to both the paper and electronic submission and failure to submit either copy of your work will result in automatic failure in the assignment and possible failure in the class.

Electronic Submission
The Turnitin database will be searched for the purpose of comparison with other students’ work or with other pre-existing writing or publications, and other academic institutions may also search it.

In order for you to be able to submit your work onto the Turnitin website, you will need to set up an account:

1) Go onto the Turnitin website http://www.turnitin.com
2) Click ‘Create Account’ in the top right hand corner
3) Select user type of ‘student’
4) Enter your class ID & Turnitin class enrolment password (these will be e-mailed to you after the drop/add period, or contact luke.harper@nyu.ac.uk if you have misplaced these).
5) Follow the online instructions to create your profile.

To submit your work for class, you will then need to:

1) Log in to the Turnitin website
2) Enter your class by clicking on the class name
3) Next to the piece of work you are submitting (please confirm the due date), click on the ‘submit’ icon
4) Enter the title of your piece of work
5) Browse for the file to upload from wherever you have saved it (USB drive, etc.), please ensure your work is in Word or PDF format, and click ‘submit’
6) Click ‘yes, submit’ to confirm you have selected the correct paper (or ‘no, go back’ to retry)
7) You will then have submitted your essay onto the Turnitin website.
8) Please print your digital receipt and attach this to the hard copy of your paper before you submit it to your professor (this digital receipt appears on the web site, immediately after you submit your paper and is also sent to your e-mail address). Please also note that when a paper is submitted to Turnitin all formatting, images, graphics, graphs, charts, and drawings are removed from the paper so that the program can read it accurately. Please do not print the paper in this form to submit to your lecturers, as it is obviously pretty difficult to read! You can still access the exact file you uploaded by clicking on the ‘file’ icon in the ‘content’ column.

Please also see the Late Submission of Work policy, above.

Students must retain an electronic copy of their work for one month after their grades are posted online on Albert and must supply an electronic copy of their work if requested to do so by NYU in London. Not submitting a copy of a piece of work upon request will result in automatic failure in the assignment and possible failure in the class. NYU in London may submit in an electronic form the work of any student to a database for use in the detection of plagiarism, without further prior notification to the student.

Penalties for confirmed cases of plagiarism are set out in the Student Handbook.

<table>
<thead>
<tr>
<th>Supplemental Text(s)</th>
<th>Further reading will be distributed in class</th>
</tr>
</thead>
<tbody>
<tr>
<td>(not required to purchase as copies are in NYU-Library)</td>
<td></td>
</tr>
<tr>
<td>Internet Research Guidelines</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Additional Required Equipment</td>
<td>A financial calculator is a nice to have but is not mandatory</td>
</tr>
<tr>
<td>Session 1</td>
<td>Session 1 Financial Management in the Context of Business Objectives</td>
</tr>
<tr>
<td>[6/9/13]</td>
<td>Reading of Brealey et al Chapter 1</td>
</tr>
<tr>
<td></td>
<td>Westinghouse Case</td>
</tr>
<tr>
<td>Session 2</td>
<td>Valuation of Future Cash Flows, The Time Value of Money</td>
</tr>
<tr>
<td>[12/9/13]</td>
<td>Reading of Brealey et al Chapters 2 &amp; 3</td>
</tr>
<tr>
<td></td>
<td>The MBA Decision Case</td>
</tr>
<tr>
<td>Session 3</td>
<td>Discounted Cash Flows</td>
</tr>
<tr>
<td>[19/20/9/13]</td>
<td>Reading of Brealey et al Chapters 2 &amp; 3 again</td>
</tr>
<tr>
<td></td>
<td>Whirlpool Europe Case</td>
</tr>
<tr>
<td>Session 4</td>
<td>Bonds and Equities</td>
</tr>
<tr>
<td>[26/9/13]</td>
<td>Reading of Brealey et al Chapters 4 &amp; 5</td>
</tr>
<tr>
<td></td>
<td>S&amp; S Air and Ragan Inc Cases</td>
</tr>
<tr>
<td>Session 5</td>
<td>Capital Budgeting 1</td>
</tr>
<tr>
<td>[3/10/13]</td>
<td>Reading of Brealey et al Chapters 6 &amp; 7</td>
</tr>
<tr>
<td></td>
<td>Corning International Case</td>
</tr>
</tbody>
</table>
**Session 6**

Mid Term Test

[10/10/13]

Revision Session followed by Progress Test

Review of Material from Sessions 1 to 6

**Session 7**

Review of Progress Test and Risk & Return 1

[17/10/13]

Reading of Brealey et al Chapters 8 & 9

Capital Market History and A Job at S & S Air Case

**Session 8**

Risk & Return 2

[25/10/13]

Reading of Brealey et al Chapter 10

LSI Logic Case

**Session 9**

Issues in Capital Budgeting

[31/10/13]

Reading of Brealey et al Chapters 11 & 12

Conch Republic Electronics Case

**Session 10**

More Elements of Capital Budgeting, Project Analysis & Evaluation

[14/11/13]

Reading of Brealey et al Chapter 13

The Super Project Case

**Session 11**

Financial Decisions and Market Efficiency

[15/11/13]

Make-up Friday

Reading of Brealey et al Chapters 14 & 15

Marriott Corporation Part 1 Case

**Session 12**

Sourcing Capital and Payout Policy

[21/11/13]

Reading of Brealey et al Chapters 16 & 17

Marriott Corporation Part 2 Case
<table>
<thead>
<tr>
<th>Session 13</th>
<th>Leverage – The Issue of Capital Structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>[28/29/11/13]</td>
<td>Reading of Brealey et al Chapters 18, 19 &amp; 20</td>
</tr>
<tr>
<td></td>
<td>Laker Airways and Polls Royce Cases</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Session 14</th>
<th>Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>[5/12/13]</td>
<td>Reading of Brealey et al Chapters 21, 22 &amp; 23</td>
</tr>
<tr>
<td></td>
<td>Bruce Honiball’s Invention Case</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Session 15</th>
<th>Final Test, Summary and Farewell</th>
</tr>
</thead>
<tbody>
<tr>
<td>[12/12/13]</td>
<td>Reading of Brealey et al Conclusion Chapter 35</td>
</tr>
</tbody>
</table>

**Classroom Etiquette**

Toilet breaks should be taken before or after class or during class breaks.

Food & drink, including gum, are not to be consumed in class.

Mobile phones should be set on silent and should not be used in class except for emergencies.

Laptops are only to be used with the express permission of the teacher.

Please kindly dispose of rubbish in the bins provided.

**Required Co-curricular Activities**

None required

---

Your Instructor, David Edelshain, is Senior Lecturer in International Business at Cass Business School, City University, London. He graduated with a BA in Economics from Cambridge University in 1967 and was awarded an MBA from London Business School in 1969. He worked as a Financial Analyst and then Corporate Planner at Pye Telecom from 1969 to 1971 before becoming a director of a company in the retail ceramics and jewellery businesses in 1971. He completed a law degree and was called to the English bar in the 1970s. In 1977, Wedgwood Ltd acquired this business, and, he remained with the organisation until 1980 when he joined a private training and education company. He qualified as a management accountant in 1981. From 1982 to 1984 he worked as a management consultant in an accounting firm and in 1984 joined HM Treasury as a principal first in the Overseas Finance Division and then in the Central Computer & Telecommunications Agency. From 1986 to 1988 he worked in the executive education arm of Tel Aviv Business School in Israel before returning to London Business School in 1988 to work on his doctorate. In 1993 he became a full-time faculty member of City University Business School after teaching there part-time from 1989. From 1995 to 1998 he directed the Executive MBA Programme, then the General & Strategic Management and International Business streams of the Full-time MBA. He is currently Director of the Masters in European Business degree programme. He is married with a son and two daughters and lives in Mill Hill. He supports cricket as a member of the MCC and soccer as a lifelong Arsenal supporter. He was first invited to teach at NYU in London in Spring term 2001 and here has taught courses in Corporate Finance, Financial Management, International Financial Management and Managerial Accounting,