

# FIN 430 (FINANCE 1)

## Course Syllabus

*Please refer to Canvas for all due dates.*

### Contact Information

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TA: TBA

### Course description

Finance 1 covers managers' and investors' most fundamental finance decision: how to value a project or an asset. Managers must determine the value of building a factory, entering a new market, or purchasing an entire firm when deciding in which projects to invest. Similarly, individuals must assess the value of financial securities to decide how to invest their wealth. Finance 1 teaches methods for valuing projects or assets. These valuation tools lay the foundation for all work in capital markets and corporate finance.

### Prerequisites

The prerequisites for this course are knowledge of probability and statistics through linear regression and accounting. These requirements may be satisfied with:

- Sufficient previous or concurrent course work in statistics.
- Either (i) prior or concurrent registration in accounting or (ii) sufficient previous course work in basic financial accounting.

### Course readings

1. *Corporate Finance*, Jonathan Berk and Peter DeMarzo, Pearson  
***This book is highly recommended but not required.*** See textbook acquisition instructions posted on the Canvas website for details on how to acquire access to a loose-leaf version of the text at significantly reduced prices.

**I do not care which edition you purchase.** Things have not changed much across editions, so an early edition is fine. Practice problems from the book refer to the 3<sup>rd</sup> edition.

2. Lecture slides, course videos, cases, and readings as assigned. Lecture slides, videos, and readings will be posted on the course website. Cases will be distributed via the Study.Net link on Canvas.

## Grading

Your grade in the class will depend on the following:

1. **Individual quizzes (20%):** There are several online Canvas quizzes to be completed individually. Please make sure to submit them prior to the due date. When you submit your quiz answers, Canvas will immediately tell you if your answers are correct. You may also take the quizzes as many times as you like. If you take the quiz multiple times, your highest score submitted before the due date/time will count towards your course grade. Solutions to the quizzes will be posted to the website.
2. **Group Case Studies (20%)** There are several graded case studies. For these case studies, students will be assigned into a study group of four or five people. Case study groups will be posted on the course website by the end of the second week of class. Discussions of the cases will take place during class, but no “solutions” will be provided. For each case, one member of each group must upload files to Canvas before **9:00 PM** on the day they are due.
3. **Midterm Exam (30%):** There will be an optional virtual midterm exam on Week 6. The midterm is open book and open note. You will need your laptop to complete the midterm, but laptop use is restricted to accessing the course webpage, course files you have saved to your computer, or to conduct calculations in Excel. Completing the midterm exam is *optional*, in that it will only count towards your grade if you do better on the midterm than the final.
4. **Final Exam (30%/60%):** There will be a mandatory virtual final exam. The final exam is cumulative. The final is open book and open note. You will need your laptop to complete the final, but laptop use is restricted to accessing the course webpage, course files you have saved to your computer, or to conduct calculations in Excel. If you decide to not take the midterm exam, then the final will count towards 60% of your grade.
5. **Class Participation:** I realize that the global pandemic has upended everyone’s schedule, so I understand if you cannot attend every class. That said, if you do attend, I expect you to participate in class. I intend for the class to have the format of a discussion rather than a lecture. I may cold-call students, so please make sure you are prepared. If you do miss class, you are not required to notify me in advance, but it is your responsibility to cover the missing material.
6. **Peer review:** At the end of the class (i.e. no later than Week 10, group members will have the opportunity to evaluate each other. You may recommend a group member (or members) for a grade reduction from your group’s overall case grade. To submit a peer evaluation, at the end of the quarter, simply email me the names of everyone in your group for whom you want to submit a reduction and what percentage you think should be deducted from their case grade, up to a maximum of 25%. I will take the average grade reduction for a group member (across all other group members) and then apply this to

the case assignment portion of their grade. You may not recommend that all of your group members receive a grade reduction. Only submit a peer evaluation if you want to downgrade a member's overall score.

### **Course Attendance and Participation**

The course will be virtual.

These are my requirements for class attendance and participation, not doing these will result in losing participation points and, more importantly, a less interesting and lively class:

- Attend all classes
- Come to class prepared (I may cold call you!)
- Make sure to log in zoom a few minutes earlier than the class start time.
- Please also make sure you use your full name in your zoom profile.
- Virtual course moderator: The virtual course moderator is Anthony Mangini. He will be helping me manage many of the logistics of Zoom, including polls, managing the participant list, and troubleshooting. If you have any technical issues, or anything that needs to come to my attention during class, private chat with Jenny.
- You must enable your video: both I as well as your fellow students want to see you on our side of Zoom. Please feel free to use your natural background or a virtual one. However, please avoid backgrounds that may be offensive or those that would distract others.
- During class, you should devote your full attention to the class material and discussion – please do not use any other electronic devices except the one you are using to connect to the class. Also, please avoid leaving your seat, doing chores or taking a break during class.
- All students should join the class with their audio muted. I will let you know when you can unmute your audio and join the class discussion. If you have a question or would like to participate in class discussion please raise your digital hand using the “Raise Hand” icon.
- Waiting room: Feel free to join the Zoom class 10-15 minutes before class starts. You will be placed the waiting room (you can't see or hear anyone, nor they you) until 5 minutes before class starts.
- Lectures and class discussions are intended for registered students only – access to our Zoom meetings will be secured – you may not share the links or password with anyone else including friends and family. Similarly, you may not distribute or post online any of the course material including handouts, videos or screen shots.

- Chat: During class, you will not be able to send global chat messages or communicate with other students. If you need send me a message during class, do it through the VCM.
- Participating in class: If you have a question or would like to participate in class discussion please raise your digital hand using the “Raise Hand” icon in the participant window. Both the VCM and I will monitor hand raises to see when questions arise or to call on a student to answer a question. I prefer content questions to come this way rather than as a private message to the VCM. I will also pause regularly to ask for questions. Please put your hand down if your question has been answered, or if someone makes the same comment that you intended to make. I may also use the yes/no response in the participant window.
- Warm and cold call: Students are expected to come to class prepared. I will use a combination of warm and cold-calling for answers to some questions, and ask for volunteers for others.
- Layout: You have control over what you see in your Zoom window. I would recommend the “Side-by-side” view where you see the slides large and the active speaker small on one side. But this is a matter of personal preference.

Please do not hesitate to participate or ask questions! Everyone will learn more and enjoy class more if the class is active.

### **Re-grade Policy**

If you feel that your homework assignments, cases, or exams have been incorrectly graded, you can submit a re-grade request

All requests must be made in writing (via email) within seven working days after the assignment or exam has been graded, returned and received by you. Your request should consist of a short, explicit explanation of why you think the grading is incorrect.

Upon submission of a re-grade request, I will review your **entire** assignment/exam and will let you know my decision as quickly as possible. **Notice that your grade might increase OR decrease**

### **Group Cases**

The case assignments are group assignments. You have been assigned your groups and you must work in your assigned group. Each group has to upload a solution via **Canvas**, clearly list the name of all group members at the top of the first page or tab.

In the interest of fairness, and as required by the honor code, all students face the same set of deadlines. Your case write-up should be of any length you feel is appropriate to answer the questions, but for most cases an Excel file answer is sufficient.

The general rule that I follow regarding cases is that no questions are answered about a case before it is turned in. If you are unclear about something, make an assumption, and state this assumption very clearly in your answer, and move forward with your solution. As long as your assumption is reasonable, then your approach will be acceptable.

After the last case has been submitted each of you will be asked to fill out a survey in which you grade your other group members on their contribution. **The answers to this question will have a significant effect on the grade each member receives on all of the cases.**

### Exams

Individuals are expected to abide by the Kellogg honor code and to complete the exam completely independent of any assistance

**The midterm will be 120 minutes long and is scheduled during normal class time (Class 6). The final will be 150 minutes long and you will be to complete it online.**

Makeup exams will only be given in the event of documented medical emergencies. If you know of a conflict already bring it to my attention immediately.

### Email and Additional availability

Outside of class, post your questions in the appropriate thread on the discussion board. You will receive a response within 24 hours and often times much faster than that. Students are welcome to post replies where applicable. Office hours are by appointment only. To schedule a zoom appointment, send me an email directly at [d-papanikolaou@kellogg.northwestern.edu](mailto:d-papanikolaou@kellogg.northwestern.edu).

Course-related questions sent to me or the TA directly will be posted on the discussion board with attribution. The TA and I will be monitoring the discussion board and will respond as described above. *Exception: No questions are answered about a case before it is turned in.* If you are unclear about something, make an assumption, and state this assumption very clearly in your answer, and move forward with your solution. As long as your assumption is reasonable, then your approach will be acceptable.

### Honor Code

- The Kellogg honor code strictly applies to all aspects of this course, including class assignments, cases, and exams.

- Solutions to previous years' problems cannot be used by you in solving homework, case assignments, or exams.
- Uploading any of the course material without my permission to a non-university website is a copyright violation.
- Exams must be done independently, without any contact with anyone but the professor or the TA.

The complete honor code can be found on the Office of Student Affairs' website

<https://www.kellogg.northwestern.edu/policies/honor-code.aspx>

Ask if there is any uncertainty as to how the honor code applies to this course. Any honor code violation will be reported to student affairs.

### **Laptop/Tablet and Phone Policy**

I will do my best to not be boring, but that depends in part on you participating in class. To encourage a class with lots of participation I request that you do not use your phone while in class. We will use laptops at various times in class. Apart from these moments, I require that laptops and tablets be closed.