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**Office hours** T & R, **10:30pm-11:30pm** & by appointment<sup>1</sup>

### **Course Description and Objectives**

Advanced Corporate Finance (FIN 3603/5303) is a comprehensive course in corporate financial management. The course builds on the main concepts taught in the core finance and accounting courses by combining theory and empirical evidence. The objectives are to develop your ability to: (1) understand the fundamentals of corporate financial management, and (2) identify corporate financial problems. Course prerequisites are: FIN 2303 or FIN 3303.

### **Course Materials**

- 1. Required text:** “*Fundamentals of Corporate Finance*”, by Jonathan Berk, Peter DeMarzo, and Jarrad Harford, published by Pearson, 5<sup>th</sup> edition, 2021, ISBN-10: 0135811597 (referred to as BDH.) The 4<sup>th</sup> edition of BDH is also acceptable.
- 2. Required tool:** Financial calculator. You will need a hand-held non-programmable financial calculator, such as a Texas Instruments BA II Plus or Hewlett Packard-12C. iPhone/Smartphone apps or graphing calculators such as TI-83, TI-86, TI-89, TI-92, HP-48 are **NOT** permitted (I will be compelled to impose a penalty if I see you using any of these at an exam). You will need to teach yourselves how to use your own calculator (see Appendix A, “Financial Calculator Tips” on page 9). I will be using a Texas Instruments BA II Plus calculator in class, so the step-by-step calculation instructions will be based on Texas Instruments BA II Plus.  
  
I will **NOT** provide any guidance or answer questions on how to use your financial calculator during an exam. Therefore, you will need to practice using your calculator well before your exam(s). I would be happy to help you with any trouble you might be having with your calculator before any exam.
- 3. Required course PowerPoint slides:** Slides are available through course website on Canvas at <http://canvas.ou.edu/>. I will post slides for each lecture ahead of time, and I highly recommend that you print out the slides before class and take notes on them in class while we go through the materials.
- 4. iPad notes:** I will use an iPad in replacement of a white board to write detailed notes if necessary. iPad notes will be post on Canvas after each class.

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<sup>1</sup> Regular office hours following each lecture will be held in-person; appointments outside of regular office hours may be conducted online via Zoom.

**Masking policy:**

As outlined by the OU Masking Protocols, the university expects community members to mask indoors. The university strongly encourages masking for all individuals in high-density settings, such as classrooms and at special events. Therefore, you are **highly encouraged** to wear mask in the classroom. Should there be a confirmed COVID-19 positive case in class, the class will continue meeting in-person, but masking will be **mandated** for 2 weeks during the quarantine period.

**Canvas materials**

This course will rely on Canvas – class materials such as presentations, problem set assignments, and exam-related materials will be posted online. Announcements (not made during lecture) will also be made in Canvas. It is the student’s responsibility to check the course webpage frequently for various updates, such as changes in due dates and specific exam instructions, as due dates and the scope of coverage may change as the course develops. **Ensure that you have set up your canvas such that you receive an email whenever I post an announcement on Canvas.**

**Grade Determination**

Your grade for the course will be determined by (i) two midterm exams, (ii) one final exam, (iii) five individual problem sets, and (iv) an individual valuation project. Following is a summary of weights on various components that I will use to evaluate your performance in this class. Please note that I do **NOT** round up the total points. For example, even if you end up with 89.99 as the total points, you will receive B as the letter grade.

<b>Individual Evaluation Item</b>	<b>Weights</b>	<b>Scale</b>
First Midterm Exam	15%	<i>A = 90%-100%</i>
Second Midterm Exam	15%	<i>B = 80%-89.99%</i>
Final Exam	25%	<i>C = 70%-79.99%</i>
Five Problem Sets (5% each)	25%	<i>D = 60%-69.99%</i>
Individual Stock Valuation Project	20%	<i>F = Below 60%</i>
<b>TOTAL POINTS</b>	<b>100%</b>	

**Exams:**

There will be three exams (two midterms and one final). These will cover the material covered in class discussions and lectures as well as the problem sets and any additional reading material that I might assign. The exams are likely to be conducted online via Canvas. I will provide more information later during the semester regarding this. While technically the exams will not be comprehensive in nature, the course topics build on each other, so there are some things you will learn in the early part of the course that you must know and understand when we are addressing some topics later in the course. All exams are closed-book and closed-notes. Except for one financial calculator, all electronics, including phones and laptops, etc., will not be allowed in exams. Please **bring your own calculator. I will provide you a formula sheet in advance for the exams. The first and second midterms will be non-comprehensive. The final exam is cumulative.**

Students missing an exam, with a university approved excuse (i.e. religious holiday, documented illness/accident, intercollegiate athletics, etc.), will be allowed to take the exam at an alternate time.

Missing an exam for personal reasons, such as a vacation, is not a valid excuse and **you will receive a score of zero** with no opportunity to make up the points. Students with a foreseeable excuse should notify me as soon as possible, with documentation verifying your excuse, and **NOT** after the scheduled exam time. If you miss an exam without being excused, **you will receive a score of zero** for that exam.

Students in need of the DRC (Disability Resource Center) must take it upon themselves to schedule exam times with instructor approval. It is preferable to take the exam at the same time as the class. It is not the instructor's responsibility to schedule DRC exams.

### **Problem Sets:**

I will pick questions (primarily numerical) from BDH after-chapter problems as the problem set assignments. The purposes of these problem sets are to let you review the concepts and materials we cover in class, learn how to apply them in practice, and get familiar with the potential questions in exams. You will need to submit them through Canvas submission link **by the due date at the beginning of class**. Please remember to **show your work** for each question. Only showing a final answer will not receive any credit. I will post solutions to problem sets on Canvas after due date.

### **Individual Stock Valuation Project:**

You will be required to pick a U.S. listed company and value its common stock based on stock valuation techniques that we discuss in class. A spreadsheet analysis and a write up are required to submit. I will provide more details and instructions about this project later in class.

### **Speaker Session:**

I will invite one guest speaker from financial industry to deliver a talk. The intention of the invited talk is to give you exposure to the most current focus of financial practitioners, especially on equity research.

Please pay close attention to the guest speaker's talk, as it is valuable complements to this course. At the end of the day, you want to apply what you learned in school to the real-world, so it is wise to keep open-minded. Feel free to participate in guest speaker's discussions. I will keep you abreast about the schedule of events as we get closer to the date. The tentative date may be subject to guest speakers' business schedules.

### **Course Schedule**

I intend to adhere to this schedule, but depending on the circumstances, if I need to slow down on certain topics or move fast on others I would adjust it slightly.

Week	Date	Topic	Book Chapter	Notes
1	Jan 18 (T)	Introduction, Syllabus		
	Jan 20 (R)	Time Value of Money	3,4	
2	Jan 25 (T)	Bond Valuation	6	
	Jan 27 (R)	Bond Valuation	6	
3	Feb 1 (T)	Capital Budgeting	8	Problem Set 1 due
	Feb 3 (R)	Capital Budgeting	8	
4	Feb 8 (T)	Capital Budgeting	8	
	Feb 10 (R)	Cost of Capital	11	
5	Feb 15 (T)	Cost of Capital	12	
	Feb 17 (R)	Review Class for Midterm I		Problem Set 2 due
6	Feb 22 (T)	<b>Midterm I</b>		
	Feb 24 (R)	Cost of Capital	12	
7	Mar 1 (T)	Cost of Capital	13	
	Mar 3 (R)	Payout Policy	17	
8	Mar 8 (T)	Payout Policy	17	
	Mar 10 (R)	Stock Valuation	7	Problem Set 3 due
9	Mar 15 (T)	<b>Spring Break; No class</b>		
	Mar 17 (R)	<b>Spring Break; No class</b>		
10	Mar 22 (T)	Stock Valuation	7	
	Mar 24 (R)	Stock Valuation	10	
11	Mar 29 (T)	Stock Valuation	10	
	Mar 31 (R)	Individual Project Introduction		
12	Apr 5 (T)	Review Class for Midterm II		Problem Set 4 due
	Apr 7 (R)	<b>Midterm II</b>		
13	Apr 12 (T)	<b>Tentative Speaker Session</b>		
	Apr 14 (R)	Stock Valuation	10	
14	Apr 19 (T)	Capital Structure	16	
	Apr 21 (R)	Capital Structure	16	
15	Apr 27 (T)	Capital Structure	16	
	Apr 28 (R)	Long-Term Financing	14	
16	May 3 (T)	Long-Term Financing	14	Problem Set 5 due
	May 5 (R)	Review Class for Final		
17	May 13 (F)	<b>Final Exam 8 am – 10 am</b>		
	May 14 (Sa)	<b>Individual Project Due at 11:59pm</b>		

### **Attendance:**

A temporary university policy has been established to protect the OU community by ensuring that students who are ill or required to isolate feel encouraged to remain at home. Missing a class session or other class activity due to illness or isolation will not result in a penalty for the absence, and the student will not be asked to provide formal documentation from a healthcare provider to excuse the absence. This policy is based on all students and faculty adhering to the principles of integrity, honesty, and concern for others.

Students who test positive should complete the Passport through the Healthy Together app. Students will receive communication and instructions through the app that can be shared with their instructors informing them of the extended absence and request for accommodations if necessary. If additional support or communication is required, please contact Student Affairs (studentaffairs@ou.edu). Students should contact their instructors prior to their absence or inability to participate, if possible.

Students who are experiencing symptoms of COVID-19, including cough, fever, shortness of breath, muscle pain, headache, chills, sore throat, loss of taste or smell, congestion or runny nose, nausea or vomiting, or diarrhea or who have been in close contact with others who have symptoms should:

- Remain at home to protect others
- Ensure that any needed screening has been conducted and any needed treatment obtained
- Contact me **prior** to absence or inability to participate, if possible, and provide an honest report of the reason for which you cannot attend class or complete a course activity
- **Continue to complete coursework** to the extent possible, using Canvas, zoom, and other online tools
- Submit assignments electronically to the extent possible and as directed by me
- Communicate with me to arrange modifications to deadlines or work requirements or reschedule exams or other important course activities, when it is necessary

**While attendance and class participation are not mandatory, I strongly encourage you to attend all class sessions.** This is the most efficient way to do well in this class.

### **Communication:**

I will contact you by e-mail whenever necessary. I will only send e-mail messages to your 'name@ou.edu' e-mail address. If you use another e-mail address it is your responsibility to either check your 'ou.edu' e-mail account daily or to have any messages sent to that account redirected to the address you use on a regular basis.

### **Laptop and Cell Phone Policy:**

Use of laptop and cell phones during the class is allowed only for the purpose of the class. You will be expected to access only material directly related to class, and you should not access material that will distract other students from class discussions.

### **Classroom Civility:**

I will expect you to assist in maintaining a classroom environment that is conducive to learning. In order to assure that all students have an opportunity to gain from time spent in class students are

prohibited making offensive remarks, reading newspapers, sleeping, browsing the web, texting, talking with your neighbor constantly, or engaging in any other form of distraction. If you want to engage in these activities, please do so outside class. Inappropriate behavior in the classroom shall result in, minimally, a request to leave the class. Please be considerate of those around you. Apart from the above, please adhere to the university guidelines and policies specifically related to COVID-19.

### **Contacting Me:**

If you have any question related to the material discussed in class, your homework, or this course in general, please do not hesitate to reach out to me via email. It is my prime objective to help you succeed in this class. So do not wait until the last minute to ask for help if you need it. **Be proactive!**

Apart from that, given the current context of a global pandemic, if you are facing any problems that might interfere with your work in class, please feel to reach out to me.

### **Copyright Statement:**

Sessions of this course may be recorded or live-streamed. These recordings are the intellectual property of the individual faculty member and may not be shared or reproduced without the explicit, written consent of the faculty member. In addition, privacy rights of others such as students, guest lecturers, and providers of copyrighted material displayed in the recording may be of concern. Students may not share any course recordings with individuals not enrolled in the class or upload them to any other online environment.

### **Academic Honesty:**

Academic misconduct during an exam will result in a grade of zero for that exam and notification to University officials. *Academic misconduct includes helping or getting help from others or using unauthorized materials in completing the exam.* Academic misconduct is considered unethical behavior and students should not compromise their integrity for something as trivial as a grade in this course. Please read carefully the contents of the following website for more details <http://www.ou.edu/provost/integrity-rights/>.

### **Student Accommodations:**

Any student in this course who has a disability that may prevent him or her from fully demonstrating his or her abilities should contact me personally as soon as possible so we can discuss accommodations necessary to ensure full participation and facilitate your educational opportunities. The University of Oklahoma is committed to providing reasonable accommodation for all students with disabilities. Students with disabilities who require accommodations in this course are requested to speak with the professor as early in the semester as possible. Students with disabilities must be registered with the Disabilities Resource Center prior to receiving accommodations in this course. The Disabilities Resource Center is located in Goddard Health Center, Suite 166, phone (405) 325-3852 or TDD only (405) 325-4173.

### **Religious Holidays:**

It is University policy to excuse absences of students that result from religious observances and to provide, without penalty, for rescheduling of examinations and additional required class work that may fall on religious holidays. Students who plan to observe such a holiday are requested to notify the instructor as soon as possible in order to make appropriate arrangements for class work or rescheduling of examinations.

### **Reasonable Accommodation Policy:**

Students requiring academic accommodation should contact the Accessibility and Disability Resource Center for assistance at (405) 325-3852 or TDD: (405) 325-4173. For more information please visit <http://www.ou.edu/drc/home.html>. Any student in this course who has a disability that may prevent him or her from fully demonstrating his or her abilities should contact me personally as soon as possible so we can discuss accommodations necessary to ensure full participation and facilitate your educational opportunities. 9

### **Adjustments for Pregnancy/Childbirth Related Issues:**

Should you need modifications or adjustments to your course requirements because of documented pregnancy-related or childbirth-related issues, please contact me as soon as possible to discuss. Generally, modifications will be made where medically necessary and similar in scope to accommodations based on temporary disability. For commonly asked questions, please refer to [www.ou.edu/content/eoo/faqs/pregnancy-faqs.html](http://www.ou.edu/content/eoo/faqs/pregnancy-faqs.html).

### **Title IX Resources:**

For any concerns regarding gender-based discrimination, sexual harassment, sexual misconduct, stalking, or intimate partner violence, the University offers a variety of resources, including advocates on-call 24.7, counseling services, mutual no contact orders, scheduling adjustments and disciplinary sanctions against the perpetrator. Please contact the Sexual Misconduct Office 405-325-2215 (8-5, M-F) or OU Advocates 405-615-0013 (24.7) to learn more or to report an incident.

### **OU Emergency Preparedness Procedures:**

1. *When you receive an OU Alert to shelter-in-place, please consider the following instructions:*
  - a. Depending on the situation **run away**, or **hide** where you are, under furniture, lock or barricade doors; turn off lights, silence electronic devices; remain quiet and stay vigilant. As a last resort **fight** to defend yourself.
  - b. Call 911 if you have information for the police and it is safe to make a call.
  - c. **Warn** others if possible.
  - d. Wait for official notice to resume normal activities.
2. *When you receive an OU Alert that there is danger inside or near the building or the fire alarm activates, please consider the following instructions:*
  - a. **Leave** the building - do not use elevators.
  - b. **Know** at least two ways out of the building.
  - c. Assist those that may need help.
  - d. **Proceed** to the emergency assembly area for your building.
  - e. **Notify** first responders if anyone is left in the building.
  - f. **Wait** for official notice before attempting to re-enter the building.

3. *When you receive an OU Alert to seek refuge or tornado sirens signal severe weather, please consider the following instructions:*

- a. **Seek** refuge inside a building and remain there.
- b. **Look** for severe weather refuge maps by entrances and elevators in OU buildings; or
- c. **Go to** lowest level of building, interior rooms/ hallways, away from doors & windows.
- d. **Do Not** seek refuge in a car.
- e. **If No** structure is available lie flat on ground & cover head with hands and arms.
- f. **Do Not** seek refuge under a bridge or overpass.
- g. Wait for official notice to resume normal activities.

4. *When you receive an OU Alert to shelter-in-place due to an active shooter or armed intruder situation or you hear what you perceive to be gunshots:*

- a. **Get out:** If you believe you can get out of the area **WITHOUT** encountering the armed individual, move quickly towards the nearest building exit, move away from the building, and call 911. 2.
- b. **Hide out:** If you cannot flee, move to an area that can be locked or barricaded, turn off lights, silence devices, spread out, and formulate a plan of attack if the shooter enters the room.
- c. **Take out:** As a last resort fight to defend yourself.

## **Appendix A: Financial Calculator Tips**

1. A financial calculator is programmed with investment mathematical formulas. For this class I will be using the **Texas Instrument BAI Plus** financial calculator.
2. Read the calculator manual before getting started.
3. Set the decimal places to 9 places.
4. Set the “P/Y” function to “P/Y = 1.00” for all problems calculated. Sometimes the factory setting is “P/Y = 12.00” which is not an error, but it assumes all future time compounding periods are months, and this is not true for many of the investment problems we will be calculating. Setting the P/Y function (“P/Y” means “periods per year”) to 1.00 provides the operator maximum flexibility and ease.
5. Make sure you “clear” the calculator completely between calculation problems because for a particular calculation problem you will be storing data for several variables and then making the calculator solve for the unknown variable. If you do not “clear” the calculator after each calculation some of the data stored will be used in successive problem calculations. For the TI BAI Plus calculator: When you are inputting numbers into the calculator key variables (i.e., N, I, PV, PMT, or FV), you may need to input a zero (“0”) into the variable(s) that you are not using for your calculator to solve for the unknown variable you need.
6. Make sure you do not inadvertently switch the cash flow timing convention to “Begin” from “End”. All the investment problems we will look at assume all future time period cash flows are paid or received at the “end” of the future time period and not at the “beginning” of the future time period (unless specifically mentioned). The factory setting is usually “End”.