

Economics 135 Corporate Finance

Instructor: Roberto Mauad (rmauad@ucsc.edu)

Lectures: TuTh 9:00 AM – 12:30 PM, J Baskin Engineering 165

Office hours: Tuesdays 1:30 – 3:30 PM, Engineering 2 building, room 405G

TA: Vivian Zheng (jzheng68@ucsc.edu)

Sections: Wednesdays 1:30 – 2:30 pm, Hum & Soc Sci, room 250

Office hours: Thursdays 2:30 – 3:30 pm, Engineering 2 building, room 403F

Course Description and Objectives

This course is an introduction to the financial management of a business. Topics include techniques for the valuation of future cash flows and of financial assets such as stocks and bonds; rules for managing cash and allocating capital in the short run and long run while taking account of costs, returns and risks; and the role of financial markets in guiding or facilitating these decisions.

After taking this class, you will be able to better understand and discuss financial news, know about the central financial aspects of running your own business, be able to work in the finance department of a firm, and be prepared for more advanced studies in finance.

Required Readings and Resources

- Essentials of Corporate Finance (any ed.), by Ross, Westerfield & Jordan; McGraw-Hill
- Canvas: access lecture notes and look up your grades.
- Acepi software for homework assignments, register at acepi.com (\$9.95 for the quarter) – will be integrated into Canvas.
- [iClicker remote](#) (any) or [iClicker app](#) for participation in class. (\$15-35)
- Financial news from *The Economist*, *Wall Street Journal*, *Financial Times*, *New York Times* ([free subscription](#)), etc.

Course Requirements and Grading

- | | |
|-----------------------------------------------------------|-----|
| • Participation (iClicker) | 20% |
| • Midterm exam (Thursday, July 18 th) | 20% |
| • Homework assignments (due every Thursday by 11:59 PM) | 30% |
| • Final project (due by Thursday, July 27 th) | 30% |

You'll use [clickers](#) to answer questions in class (more about iClicker on the UCSC [ITS](#) webpage). You get one participation point for every answer, plus an additional point for the correct answer on graded questions. From the 20% of participation grade, 10% is obtained by answering the iClicker questions – even if you answered incorrectly. The remaining 10% is obtained by getting the correct answers. To account for excused absences and technical problems, we will drop the day in which you get the lowest participation grade. If you use a physical iClicker remote, please register it for free by adding its ID (printed on the back) to your iClicker profile ([instructions](#)).

Homework assignments are online and accessed through Canvas. You have 5 attempts for each question. A late penalty of 3% will apply for each day that your work is late. Once you've finished a problem, you can practice it again without affecting your recorded score.

The take-home final exam is a capital budgeting project with a spreadsheet: this assignment will be done in groups.

Academic integrity

You can work with other students on the homework assignments and the final project. The homework assignments are submitted individually, and the final project is submitted in groups, but each group must submit their own project. Copying another group's work or submitting answers copied from the internet will result in a failing grade and sanctions according to UCSC's [Academic Misconduct Policy](#).

Schedule

Week	Date	Topic	Readings
1	27-Jun	Introduction and Overview Financial Statements, Cash Flow, Ratios	RWJ Chs. 1, 2, and 3
	29-Jun	Time Value of Money Discounted Cash Flow Valuation	RWJ Chs. 4 and 5
2	4-Jul	National Holiday – No class	
	6-Jul	Interest Rates and Bond Valuation, HW 1 due Equity Markets and Stock Valuation	RWJ Chs. 6 and 7
3	11-Jul	Net Present Value and Other Criteria Making Capital Investment Decisions	RWJ Chs. 8 and 9
	13-Jul	Risk and Return, HW 2 due Cost of Capital	RWJ Chs. 10, 11, and 12
4	18-Jul	Midterm Exam	RWJ Chs. 1-12
	20-Jul	Capital Structure, HW 3 due Raising Capital	RWJ Chs. 13 and 15
5	25-Jul	Short-Term Financial Planning Dividends and Dividend Policy	RWJ Chs. 16 and 14
	27-Jul	Working Capital Management, HW 4 due Final project due	RWJ Ch. 17

DRC Accommodations

UC Santa Cruz is committed to creating an academic environment that supports its diverse student body. If you are a student with a disability who requires accommodations to achieve equal access in this course, please submit your Accommodation Authorization Letter from the Disability Resource Center (DRC) to me by email, or during my office hours, preferably within the first two weeks of the quarter. I would also like us to discuss ways we can ensure your full participation in the course. If you have questions or concerns about exam accommodations or any other disability-related matter, please contact the DRC office, located in Hahn 125 or at 831- 459-2089 or drc@ucsc.edu. If you wish to exercise your testing accommodation, you must notify me as your instructor at least seven (7) days prior to the exams so that we can secure testing space and a test proctor. Requests made inside seven (7) days may not be able to be accommodated.