University of North Carolina at Charlotte
Belk College of Business
MBAD 6154 080
Applied Business Finance
Summer 2020 Syllabus

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Open Drop-in Sessions: Monday 5:30pm – 8:00pm via WebEx
Office Hours: Monday 4:30pm - 5:30pm via WebEx and by appointment

Prerequisite: MBAD 6152 Financial Management


This book is considered by financial professionals as one of the leading books on corporate valuation. The authors include two top executives at McKinsey & Company (an international management consulting firm) and a professor/director of executive education from Wharton. This book is unlike a typical textbook, rather it is considered the best professional valuation book. Therefore, for some of you, this might be a challenging book to take in. However, I structure lecture slides, mini and full-length cases so that you will be able to grasp the main concepts and valuation frameworks.

Case: We will be using one Darden case in this course. Please go to www.study.net and click on "Register" on the top right hand corner to register as a student (no cost to register). Once you have registered, please look for UNC Charlotte and course number (MBAD 6154 Applied Business Finance - King (Summer 2020), Instructor is Tao-hsien dolly King, Course ID is "MBAD 6154") and you should be able find one case under this course name: The Boeing 7E7. In order to have online viewing of the case in PDF and print right of the case, you need to purchase the royalty. You only
need to pay $4.15 to download the PDF file of the case. You do NOT need to buy the Course TEXTPAK. If you have any questions, let me know.

Course Objective and Outline:
This course examines major topics and cases in corporate finance. In particular, we examine the decisions made by corporate managers regarding investment and financing policies. Since the goal of these decisions is to maximize firm value and shareholder wealth, an important component of the course is to understand how firm value is determined. This involves a sound understanding of the risk-return relation in financial assets, the valuation of firms and assets, and major corporate decisions. Using a well-known valuation framework, we will learn the concepts of value creation, measurement of firm performance, cash flow estimation (historical analysis and future forecasts), cost of capital estimation, capital structure, and advanced issues including mergers and acquisitions. We apply the important concepts on corporate policy-making using real-life and mini cases (i.e., simplified version of real-life cases) throughout the course.

Examples of questions we will explore:
- What is the value of a company, say Apple Inc. today?
- How do CEOs and CFOs measure firm performance? How do stockholders decide if a company is performing well?
- How do firms perform forecasting of sales and costs?
- How do managers decide on mergers and acquisitions?

The outline of the course is as follows.
(1) Basic concepts of value and value creation: What is value? Why should we worry about value creation? How does one measure the value of a firm?
(2) Major valuation frameworks and models: Introduction of five main valuation models to valuing firms. Detailed discussions on historical cash flow analysis, future cash flow forecasts, terminal value estimation, capital structure, and cost of capital.
(3) Applications of the valuation frameworks on advanced issues in corporate finance: How to apply valuation to mergers, acquisitions, and divestitures.
(4) Case Studies on Corporate Decision-making: How does one make recommendations on corporate decisions on financial issues such as cost of capital and mergers and acquisitions?

The materials covered in this course are at an advanced level of corporate finance, therefore a
solid background knowledge in financial management is essential. This is a fast-paced course, so it is very important that you keep up with the pace. To provide hands-on exercise of the valuation concepts, we will combine lectures, mini cases, and one real-life case.

**Class content delivery and open drop-in discussion sessions**
- We will meet on WebEx on the first day of class at 5:30-6:30pm Monday May 18th, 2020, to go over the syllabus/course plan.
- Lecture slides and a related mini case for each week will be posted on Canvas one to two days before Monday of that week. For example, course materials for the week of May 18th will be posted on May 16th Sat or 17th Sun.
- Lecture slides will include instructor audio and notes.
- Each student is expected to review lecture slides, assigned textbook readings, and cases on a weekly basis. I will hold office hours at 4:30-5:30pm and an (optional) open drop-in session at 5:30-8:00pm on WebEx once a week to answer questions, elaborate on topics, and/or engage in discussions. Please see course schedule below for dates.
- You can always reach me via email at tking3@uncc.edu anytime during the summer session.

**Mini Cases**
There will be six mini cases in this course. Please see the course schedule below for the posting and due dates/times of these cases. This is a good opportunity to demonstrate your analytical skills and understanding of the concepts. Each exercise is worth 7% of your grade.

**Examination**
There will be one take-home midterm exam and one take-home final exam that will cover lectures, text chapters, one Darden case, and six mini cases. Each examination will include calculation-type problems and essay-type questions.

**Grading:**
- Six Mini Cases (7% per mini case) 42%
- Midterm Exam (take-home) 28%
- Final Exam (take-home) 30%

Grade Range: A: 90 to 100; B: 80 to 89; C: 70 to 79, etc.

**UNC Charlotte “Code of Student Academic Integrity” (the Code)**
All UNC Charlotte students have the responsibility to be familiar with and to observe the requirements of The UNC Charlotte Code of Student Academic Integrity (see the Catalog). This Code forbids cheating, fabrication or falsification of information, multiple submission of academic work, plagiarism, abuse of academic materials (such as Library books on reserve), and complicity in academic dishonesty (helping others to violate the Code). Any further specific requirements or permission regarding academic integrity in this course will be stated by the instructor, and are also binding on the students in this course. Students who violate the Code can be punished to the extent of being permanently expelled from UNC Charlotte and having this fact recorded on their official transcripts. The normal penalty is zero credit on the work involving dishonesty and further substantial reduction of the course grade. In almost all cases, the course grade is reduced to "F." If you do not have a copy of the Code, you can obtain one from the Dean of Students Office or access it online at http://www.legal.uncc.edu/policies/ps-105.html. Standards of academic integrity will be enforced in this course. Students are expected to report cases of academic dishonesty they become aware of to the course instructor who is responsible for dealing with them.

**Disability Services**

Students in this course seeking accommodations to disabilities must first consult with the Office of Disability Services and follow the instructions of that office for obtaining accommodations.
Course Schedule

Week 1: May 18-22, 2020
1. WebEx meeting at 5:30-6:30pm Monday May 18 to go over the syllabus/course plan
2. Review these materials this week:
   o Lecture 1 Introduction to Valuation slides
   o Lecture 2 Principles of Value Creation slides
   o Valuation Text Chapters 1, 2, and 3
3. Lecture 2 Mini Case on Fun Bulb, Co. (Submit your answers on Canvas by 11:59pm Wednesday May 20)

Week 2: May 25-29, 2020
1. WebEx office hour and open drop-in session at 4:30-8:00pm Tuesday May 26
2. Review these materials this week:
   o Lecture 3 Valuation Frameworks slides
   o Valuation Text Chapter 6
3. Lecture 3 Mini Case on Adventure Company (Submit your answers on Canvas by 11:59pm Wednesday May 27)

Week 3: June 1-5, 2020
1. WebEx office hour and open drop-in session at 4:30-8:00pm Monday June 1
2. Review these materials this week:
   o Lecture 4 Historical Firm Performance slides
   o Valuation Text Chapters 4, 5, 7, and 8
3. Lecture 4 Mini Case on Happy Foods Limited (Submit your answers on Canvas by 11:59pm Wednesday June 3)

Midterm take-home exam covers Lectures 1 ~ 4, Valuation Text Chapters 1 ~ 8, and Lecture 2, 3, and 4 Mini Cases. Midterm exam will be posted on Saturday May 30, 2020. Please submit your completed exam in a single PDF file on Canvas by 12:59pm Friday June 5, 2020.
Course Schedule (continued)

Week 4: June 8-12, 2020
1. WebEx office hour and open drop-in session at 4:30-8:00pm Monday June 8
2. Review these materials this week:
   o Lecture 5 Forecasting Performance slides
   o Lecture 6 Cost of Capital slides
   o Valuation Text Chapters 9, 10 and 11
3. Lecture 5 Mini Case on the forecast horizon puzzle (Submit your answers on Canvas by 11:59pm Wednesday June 10)

Week 5: June 15-19, 2020
1. WebEx office hour and open drop-in session at 4:30-8:00pm Monday June 15
2. Review these materials this week:
   o Darden Case “The Boeing 7E7” case background (from www.study.net) and analysis slides
   o Lecture 7 Mergers, Acquisitions, and Divestitures slides
   o Valuation Text Chapters 21 and 22
3. Lecture 6 Mini Case on Blackbeans, Inc. (Submit your answers on Canvas by 11:59pm Wednesday June 17)

Week 6: June 22-26, 2020
1. WebEx office hour and open drop-in session at 4:30-8:00pm Monday June 22
2. Lecture 7 Mini Case on Solid Metal (Submit your answers on Canvas by 11:59pm Wednesday June 24)

Final take-home exam covers Lectures 5 ~ 7, Valuation Text Chapters 9 ~ 11 and 21 ~ 22, Boeing case, and Lecture 5, 6, and 7 Mini Cases. Final exam will be posted on Saturday June 20, 2020. Please submit your completed exam in a single PDF file on Canvas by 12:59pm Friday June 26, 2020.