

# USC Marshall

School of Business

## GSBA 548: Corporate Finance

### Professor:

**Name:** Steve Schurman

**Email:** [schurman@marshall.usc.edu](mailto:schurman@marshall.usc.edu)

**Phone:** 213-821-1830

**Office:** Hoffman Hall (HOH) 226

**Office hours:** Tuesday & Thursdays 10:00 a.m. - 11:00 a.m. and by appointment

### Teaching Assistants:

**Names:** Shivangi Kotadia & Ashi Parekh

**Emails:** [shivangi.kotadia.2023@marshall.usc.edu](mailto:shivangi.kotadia.2023@marshall.usc.edu) & [ashi.parekh.2023@marshall.usc.edu](mailto:ashi.parekh.2023@marshall.usc.edu)

*This syllabus describes the content, policies, and procedures of this course. Please read it.*

### Course Summary & Objectives

GSBA 548 introduces Master of Science in Finance students to the modern theory and practice of corporate finance. Financiers, CFOs, treasurers, controllers, managers, or anyone involved in financial decision-making, must understand the concepts of finance and financial management to respond effectively to economic developments and market uncertainties.

This course introduces you to concepts, theories, and issues in finance, financial management and markets that will help you understand how financiers think and how to make financial decisions in a business setting. Specifically, you will learn how financiers break down components of financial problems, and how they then arrive at capital budgeting and capital structure decisions.

By the end of the semester, you should know financial vocabulary, understand financial theory, have skills in financial computation, and appreciate the incentives involved when solving problems of finance. You will learn how to understand and deal with risk, how to make financial decisions, and how to value investment opportunities.

Upon successful completion of this course, students will be able to:

- explain the time value of money and how to evaluate the trade-off between dollars today and dollars in the future;
- evaluate investment decisions using various capital budgeting techniques;
- explain types, goals, and implications of financial management and the role of the financial decision-maker;
- analyze financial statements and understand their roles in long-term planning and growth;
- apply valuation methods to stocks and bonds;
- describe the workings and efficiency of financial capital markets;
- describe the relationship between the risk and return of individual assets and a portfolio of assets in the financial markets;
- recognize and explain the elements of optimal capital structure, the effects of financial leverage, and dividend policy; and
- explain derivatives (options) in the context of corporate finance.

## Expectations

Students are expected to attend all classes and to arrive on time. If you miss a class due to an illness or other unforeseen circumstance, you are responsible for any work missed. I encourage you to get notes and material for missed classes from fellow classmates.

Students are expected to be prepared to discuss class material and actively participate in class.

I strongly encourage you to follow financial news.

## Course Materials

**Required Text:** Ross, Stephen, Randolph Westerfield, Jeffrey Jaffe and Bradford Jordan. *Corporate Finance 13th Edition*, 2022. (ISBN10: 1264206909)

**Cases:** The course pack with our cases can be purchased online at the following link (the cost of the course pack is \$8.50): <https://hbsp.harvard.edu/import/1080623>

- Calabash Community Hospital
- Blaine Kitchenware

## Course Requirements and Grading

The course grade will be based on two group case studies, a midterm exam, a final exam, and your course participation. Your score will be determined using the following weights:

- 10% class contribution and professionalism,
- 20% group case assignments (10% per assignment),
- 30% midterm exam, and
- 40% final exam.

Your course *letter grade* will be determined based on how your score compares to those of other students. The average grade target for this class is a 3.3 out of 4.

### **Class Contribution and Professionalism**

There are a variety of ways to earn contribution and professionalism credit. They include (but are not limited to):

- answering questions in class in a way that evinces preparation for class (*note that I may cold call students*),
- asking good questions or offering relevant comments in class, and
- correcting any mistakes I make during lectures.

### **Group Case Assignments**

We will analyze real companies and work through problems by analyzing different scenarios and courses of action. In your analysis of the cases, you should place yourself in the role of the decision maker as you read through the situation and identify the problems and issues. In class we will discuss underlying issues, compare different alternatives, and finally, suggest courses of action given the objectives of the case.

The cases have are included to allow self-study and practice in analysis. The case questions will be posted in the case assignment folder on Blackboard. You do not need to do research beyond the materials provided for either of the cases.

Your case analysis should be turned in as a group, uploaded to Blackboard. Please work on your cases in groups of 4-6 students. Do your best to work through the case using class readings and the provided supporting materials, without seeking input from anyone outside your group. A written case analysis should consist of a 2-page double spaced written executive summary which addresses the case questions. Any supporting computations or tables should be provided in separate appendices.

The quality of your work product should be such that you would be comfortable presenting to a current or prospective employer. Case grades will be determined relative to the analyses of other groups in the class.

At the end of the semester, all students have the option to provide evaluations of the contributions of their teammates to me. *A student's problem set grade may be reduced if there is a consensus that his or her contributions were significantly lower than those of the rest of the team.*

## Exams

The midterm and final exams will include multiple choice, short answer, and long-form theoretical and calculation problems. The questions will be both quantitative and qualitative and will be based on material presented in lectures and readings. The final exam covers the entire course, with an emphasis on the second half of the course.

The midterm and final exams are closed books and closed notes but will include a formula sheet. You are expected to know how to use the appropriate formulae. I recommend that you use a financial calculator during the exams. You may not store any course-related material on your calculator. No other electronic device is permitted during an exam.

You are required to be present for the midterm exam and the final exam. Make-up exams will not be administered.

## Regrade Policy

Requests for an exam or problem set regrade must be submitted in writing no later than one week after the item was returned. For a regrade request, please give your name(s) along with a brief summary of why you think the grading was in error. Note that the entire exam or assignment may be regraded, so any regrade request could result in a lower grade.

## Class Schedule and Topics

August 22	First day of class
October 10	Midterm exam
October 12	Fall recess
October 24	Case 1 due
November 16	Case 2 due
Date TBD	Final exam

Topic 1	Introduction to corporate finance (chapter 1)
Topic 2	Discounted cash flow valuation (chapter 4)
Topic 3	Financial statements and cash flow (chapter 2)
Topic 4	Analysis of financial statements and financial models (chapter 3)
Topic 5	Interest rates and bond valuation (chapter 8)
Topic 6	Equity securities valuation (chapter 9)
Topic 7	Net present value and other investment criteria (chapter 5)
Topic 8	Corporate capital investment decision making (chapter 6)
Topic 9	Risk and returns part 1: lessons from market history (chapter 10)
Topic 10	Risk and returns part 2: CAPM (chapter 11)
Topic 11	Efficient markets and behavioral finance (chapter 14)
Topic 12	Corporate capital structure part 1: basics (chapter 16)

- Topic 13 Corporate capital structure part 2: limits on debt (chapter 17)
- Topic 14 Dividends and other equity payouts (chapter 19)
- Topic 15 Time permitting: Options and corporate finance (chapter 22)

## **Policy on AI**

Since creating, analytical, and critical thinking skills are part of the learning outcomes of this course, all assignments should be prepared by the student working individually or in groups. Students may not have another person or entity complete any substantive portion of the assignment. Developing strong competencies in these areas will prepare you for a competitive workplace. Therefore, using AI-generated tools is prohibited in this course, will be identified as plagiarism, and will be reported to the Office of Academic Integrity.

## **Statement on Academic Conduct and Support Systems**

### **Academic Integrity:**

The University of Southern California is a learning community committed to developing successful scholars and researchers dedicated to the pursuit of knowledge and the dissemination of ideas. Academic misconduct, which includes any act of dishonesty in the production or submission of academic work, compromises the integrity of the person who commits the act and can impugn the perceived integrity of the entire university community. It stands in opposition to the university's mission to research, educate, and contribute productively to our community and the world.

All students are expected to submit assignments that represent their own original work, and that have been prepared specifically for the course or section for which they have been submitted. You may not submit work written by others or "recycle" work prepared for other courses without obtaining written permission from the instructor(s).

Other violations of academic integrity include, but are not limited to, cheating, plagiarism, fabrication (e.g., falsifying data), collusion, knowingly assisting others in acts of academic dishonesty, and any act that gains or is intended to gain an unfair academic advantage.

The impact of academic dishonesty is far-reaching and is considered a serious offense against the university. All incidences of academic misconduct will be reported to the Office of Academic Integrity and could result in outcomes such as failure on the assignment, failure in the course, suspension, or even expulsion from the university.

For more information about academic integrity see [the student handbook](#) or the [Office of Academic Integrity's website](#), and university policies on [Research and Scholarship Misconduct](#).

Please ask your instructor if you are unsure what constitutes unauthorized assistance on an exam or assignment, or what information requires citation and/or attribution.

### **Students and Disability Accommodations:**

USC welcomes students with disabilities into all of the University's educational programs. [The Office of Student Accessibility Services \(OSAS\)](#) is responsible for the determination of appropriate accommodations for students who encounter disability-related barriers. Once a student has completed the OSAS process (registration, initial appointment, and submitted documentation) and accommodations are determined to be reasonable and appropriate, a Letter of Accommodation (LOA) will be available to generate for each course. The LOA must be given to each course instructor by the student and followed up with a discussion. This should be done as early in the semester as possible as accommodations are not retroactive. More information can be found at [osas.usc.edu](https://osas.usc.edu). You may contact OSAS at (213) 740-0776 or via email at [osasfrontdesk@usc.edu](mailto:osasfrontdesk@usc.edu).

### **Support Systems:**

[Counseling and Mental Health](#) - (213) 740-9355 – 24/7 on call

Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention.

[988 Suicide and Crisis Lifeline](#) - 988 for both calls and text messages – 24/7 on call

The 988 Suicide and Crisis Lifeline (formerly known as the National Suicide Prevention Lifeline) provides free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week, across the United States. The Lifeline is comprised of a national network of over 200 local crisis centers, combining custom local care and resources with national standards and best practices. The new, shorter phone number makes it easier for people to remember and access mental health crisis services (though the previous 1 (800) 273-8255 number will continue to function indefinitely) and represents a continued commitment to those in crisis.

[Relationship and Sexual Violence Prevention Services \(RSVP\)](#) - (213) 740-9355(WELL) – 24/7 on call

Free and confidential therapy services, workshops, and training for situations related to gender- and power-based harm (including sexual assault, intimate partner violence, and stalking).

[Office for Equity, Equal Opportunity, and Title IX \(EEO-TIX\)](#) - (213) 740-5086

Information about how to get help or help someone affected by harassment or discrimination, rights of protected classes, reporting options, and additional resources for students, faculty, staff, visitors, and applicants.

[Reporting Incidents of Bias or Harassment](#) - (213) 740-5086 or (213) 821-8298

Avenue to report incidents of bias, hate crimes, and microaggressions to the Office for Equity, Equal Opportunity, and Title for appropriate investigation, supportive measures, and response.

[The Office of Student Accessibility Services \(OSAS\)](#) - (213) 740-0776

OSAS ensures equal access for students with disabilities through providing academic accommodations and auxiliary aids in accordance with federal laws and university policy.

[USC Campus Support and Intervention](#) - (213) 740-0411

Assists students and families in resolving complex personal, financial, and academic issues adversely affecting their success as a student.

[Diversity, Equity and Inclusion](#) - (213) 740-2101

Information on events, programs and training, the Provost's Diversity and Inclusion Council, Diversity Liaisons for each academic school, chronology, participation, and various resources for students.

[USC Emergency](#) - UPC: (213) 740-4321, HSC: (323) 442-1000 – 24/7 on call

Emergency assistance and avenue to report a crime. Latest updates regarding safety, including ways in which instruction will be continued if an officially declared emergency makes travel to campus infeasible.

[USC Department of Public Safety](#) - UPC: (213) 740-6000, HSC: (323) 442-1200 – 24/7 on call

Non-emergency assistance or information.

[Office of the Ombuds](#) - (213) 821-9556 (UPC) / (323-442-0382 (HSC)

A safe and confidential place to share your USC-related issues with a University Ombuds who will work with you to explore options or paths to manage your concern.

[Occupational Therapy Faculty Practice](#) - (323) 442-2850 or [otfp@med.usc.edu](mailto:otfp@med.usc.edu)

Confidential Lifestyle Redesign services for USC students to support health promoting habits and routines that enhance quality of life and academic performance.