

## ***FIN 445: Capital Investment and Financing Decisions***

Spring 2000

TR 2:00 – 3:15 p.m.  
Classroom: B&E 208  
Office: 448B B&E Bldg.  
Office Hrs: TR 1:00 – 1:30 p.m.  
              TR 3:30 – 4:00 p.m.

Instructor: John K. Paglia  
Phone: 257-3850 (office)  
          281-1643 (home)  
E-mail: [paglia@prodigy.net](mailto:paglia@prodigy.net)  
Web: [www.uky.edu/~jkpagl0](http://www.uky.edu/~jkpagl0)

**Course Description:** FIN 445 is course in which the primary emphasis is on the application of financial concepts and tools of analysis. Topics include capital budgeting, financing decisions, cost of capital, leasing, dividend policy, and mergers and acquisitions.

**Prerequisite:** FIN 300: Corporation Finance

**Objectives:** The objectives of this course are to gain an understanding of:

- Uses of financial statement information in decision-making and planning
- Capital budgeting techniques and project evaluation
- Cost of capital
- Capital structure
- Short-term finance and working capital management
- Risk management
- Mergers and acquisitions analysis
- Leasing
- International aspects of corporate finance

**Required Text:** Fundamentals of Corporate Finance, 5<sup>th</sup> Edition by Ross, Westerfield, and Jordan

**Calculator:** A basic scientific calculator is required; a financial calculator is *optional*, but highly recommended. Suggested financial calculators include the TI BAII Plus or the HP 10B.

**Admin. Issues:** UKVIP Phone: 257-7000; UKVIP Class Code: 02270  
Last day for Pass/Fail and change to audit options: February 2, 2000  
Last day to drop a course without it appearing on transcript: February 2, 2000  
Last day to withdraw from a course: March 10, 2000

**Attendance:** Attendance is expected but not required (except on exam dates). However, all class discussions, regardless of source, will be considered when preparing examinations.

**Grading:**

3 examinations @ 100 points each	=	300 points
3 homeworks	=	<u>100</u> points
		400 points

Makeup exams will be permitted in the case of excused absences only (documentation will be required; valid reasons include illness and University-sanctioned activities). If possible, arrangements for make-ups should be made prior to the absence. It is the student's responsibility to arrange make-ups within 1 week of the exam date.

<u>Grade</u>	<u>Percentage</u>	<u>Points</u>
A	90 – 100%	360 – 400
B	80 – 89.9%	320 – 359
C	70 – 79.9%	280 – 319
D	60 – 69.9%	240 – 279
E	0 – 59.9%	0 – 299

**Academic**

**Dishonesty:** The *minimum* punishment for either cheating or plagiarism is an "E" in the course.

**Homework:** Homework potentially accounts for 100 points of your grade. Assignments will be based on end-of-chapter problems identified in the “Tentative Class Schedule” and collected three times during the semester. Assignments may be worked in groups of at most four students. Late assignments will not be tolerated; for every business day the homework is late, the grade will be reduced by a letter grade. A schedule of the homework assignments follows:

<u>Chapters</u>	<u>Due Date</u>	<u>Points</u>
2,3,4,9,10,14	February 10	30 points
16,17,18,19,19A,20	March 30	40 points
21,22,23,23A	April 20	30 points

### FIN 445: Tentative Class Schedule (Spring 2000)

Date	Assignment	Comments
Jan. 13	Chapter 1	Introductions; Review: Goal of the firm
Jan. 18	Chapter 2 (14,16)	Review: Financial statements and cash flow
Jan. 20	Chapter 3 (7,26)	Review: Financial statements and ratio analysis
Jan. 25	Chapter 4 (5,22)	Review: Long-term planning
Jan. 27	Chapters 5, 6	Review: Time value of money
Feb. 1	Chapter 9 (13,16)	Review: Capital budgeting criteria
Feb. 3	Chapters 10 (1,21); 14	Review: Capital budgeting, Cost of capital
Feb. 8	Chapter 14 (3,7,9)	Review: Cost of capital, Review for exam
Feb. 10	None	<b>Exam #1 (Chapters 1-6, 9,10,14); HW #1 Due</b>
Feb. 15	Chapter 15	Raising capital; return exams
Feb. 17	Chapter 15 (1,7,9)	Raising capital
Feb. 22	Chapter 16	Financial leverage
Feb. 24	Chapter 16 (1,3,10,11)	Capital structure policy
Feb. 29	Chapter 17 (4,16)	Dividends and dividend policy
Mar. 2	Chapter 18	Short-term finance
Mar. 7	Chapter 18 (1,3,4,11)	Short-term finance and planning
Mar. 9	Chapter 19	Cash management
Mar. 14	<i>None</i>	<i>Spring Break</i>
Mar. 16	<i>None</i>	<i>Spring Break</i>
Mar. 21	Chapter 19 (2,7) 19A (1,3)	Liquidity management
Mar. 23	Chapter 20	Credit management
Mar. 28	Chapter 20 (1,11,14,16)	Inventory management; Review for exam
Mar. 30	None	<b>Exam #2 (Chapters 16 - 20); HW #2 Due</b>
Apr. 4	Chapter 21	International finance; return exams
Apr. 6	Chapters 21 (1,14), 22	International finance; Risk management
Apr. 11	Chapter 22 (4,5)	Risk Management
Apr. 13	Chapter 23	Options and corporate securities
Apr. 18	Chapter 23 (1,8) 23A (2)	Options and corporate securities
Apr. 20	Chapter 24	Mergers and acquisitions; <b>HW #3 Due</b>
Apr. 25	Chapters 24 (5,6,13), 25	Mergers and acquisitions; Leasing
Apr. 27	Chapter 25 (7,8,9)	Leasing; Review for final
May 1	None	<b>Final Exam 10:30 (Chapters 21 - 25)</b>