

## **FIN 6429 Financial Decision Making**

Dr. Christopher James

### **Course Objective:**

This course examines corporate financing and risk management decisions. Specifically we will examine how the mix of financial contracts a firm uses to raise funds and to manage risk affect shareholder wealth. The first three sessions provide a review of why financial choice matters, the basic efficient market paradigm and the basics of principals of valuation. (I know, I know you have had valuation in every class....there is a reason). The second part of this course takes a detailed look at the financing choices firms face and examines the factors determining what sources of financing firms use. Topics in this part of the course include the costs and benefits of debt financing, the type of debt to use, (private or public, short or long term), the appropriate payout or dividend policy and the choice governments systems. In addressing these issues we will examine how the choice of financing contracts affects investment policy and managerial incentives. The third part of the course deals with risk management. In this part of the course we will examine how and when risk management adds value and the appropriate use of derivative contracts to manage risk.

This course is intended to introduce students to the analytical and conceptual tools used by financial managers in making capital budgeting and financing decisions. The class format will be a combination of lecture and cases. Each topic area has one or more cases associated with it. The cases are designed to illustrate practical applications of the concepts presented in class.

### **Text:**

I have assigned as background reading chapters out of Principles of Corporate Finance by Brealey and Myers. I suggest that you review the chapters before each session. In addition, there is a packet of readings and cases. It is absolutely essential that you read the cases and assigned readings before each class. I will expect that you have read this material and will question you in class about the cases and readings...so beware.

### **Class Notes:**

My lecture outlines will be available on line one week before each session. These outlines are complete so you will not need to take extensive notes in class. Students with very little background in finance may find it useful to read over the notes before class.

### **Course Evaluation:**

There will be two homework assignments, six case assignments and a final exam. Each case will be discussed in class you should work in groups of 4 or 5 students. I will call on one or two groups to lead the class discussion on each case.....so be prepared. The course grade will be determined as follows:

Homework Assignments 20%

Final 50%

Case Assignment 30%