

Corporate Finance II

FIN-ISS307

Course Description

This is the second course of the corporate finance sequence. We will be focusing on payout policy capital structure, options, debt financing, equity financing, risk management, financial planning and working capital management, merger, corporate restructuring, corporate control and governance.

Required Texts

Principles of Corporate Finance, 13th Edition by Richard Brealey, Stewart Myers, and Franklin Allen

Other Reading materials will be provided through your student center

Prerequisite

Corporate Finance I

Course Requirements

During the term, there will be one midterm exam (20%), one final exam (30%) and two quizzes (20%), and one case studies (20%). Attendance and in class participation will make up 10% of your final grade.

Learning Outcomes

- Understand capital structure and figure out the optimal capital structure for a company
- Learn the difference between equity financing and debt financing
- Define the risks related to different financing methods and how companies manage them
- Perform financial analysis and planning to effectively manage working capital
- Understand corporate control and governance

Evaluation and Grading

| | | | | | |
|----|--------|----|-------|----|-------|
| A | 93-100 | B- | 80-82 | D+ | 67-69 |
| A- | 90-92 | C+ | 77-79 | D | 63-66 |
| B+ | 87-89 | C | 73-76 | D- | 60-62 |
| B | 83-86 | C- | 70-72 | F | 0-59 |

Course Hours

The course has 20 class sessions in total. Each class session is 150 minutes in length, for a total of 3000 minutes of in-class time. Students are expected to spend 15-20 hours per week outside of class. The University awards **4** credits for this course. Different universities may count course credits differently. Consult officials at your own home institution.

Attendance

Occasionally, due to illness or other unavoidable circumstance, a student may need to miss a class. The University's policy requires a medical certificate to be excused. Any absence may impact on the student's grade. Moreover, **the University's policy is that a student who has more than 3 absences will fail the course. Arriving late or leaving early will count as a partial absence.**

Academic Honesty

The University expects all students to do their own work. Instructors will fail assignments that show evidence of plagiarism or other forms of cheating and will also report the student's name to the University administration. A student reported to the University for cheating is placed on disciplinary probation; a student reported twice is suspended or expelled.

Disability Accommodation

Any student who needs special accommodation due to the impact of disability should inform the University within 10 days before the program starts.

Course Schedule

| Period | Weekly Contents | Readings |
|--------|---|--|
| 1 | <ul style="list-style-type: none"> • An Overview of Corporate Financing | <ul style="list-style-type: none"> • Chapter 14 |
| 2 | <ul style="list-style-type: none"> • How Corporations Issue Securities | <ul style="list-style-type: none"> • Chapter 15 |
| 3 | <ul style="list-style-type: none"> • Payout Policy | <ul style="list-style-type: none"> • Chapter 16 |
| 4 | <ul style="list-style-type: none"> • How Much Should a Corporation Borrow | <ul style="list-style-type: none"> • Chapter 18 |
| 5 | <ul style="list-style-type: none"> • Financing and Valuation | <ul style="list-style-type: none"> • Chapter 19 |
| 6 | <ul style="list-style-type: none"> • Understanding Options | <ul style="list-style-type: none"> • Chapter 20 |
| 7 | <ul style="list-style-type: none"> • Valuing Options | <ul style="list-style-type: none"> • Chapter 21 |
| 8 | <ul style="list-style-type: none"> • Real Options | <ul style="list-style-type: none"> • Chapter 22 |
| 9 | <ul style="list-style-type: none"> • Review | <ul style="list-style-type: none"> • Chapter 14-16, 18-22 |
| | Midterm Exam | |
| 10 | <ul style="list-style-type: none"> • Credit Risk and the Value of Corporate Debt | <ul style="list-style-type: none"> • Chapter 23 |
| 11 | <ul style="list-style-type: none"> • The Many Different Kinds of Debt • Leasing | <ul style="list-style-type: none"> • Chapter 24-25 |
| 12 | <ul style="list-style-type: none"> • Managing Risk | <ul style="list-style-type: none"> • Chapter 26 |
| 13 | <ul style="list-style-type: none"> • Managing International Risks | <ul style="list-style-type: none"> • Chapter 27 |
| 14 | <ul style="list-style-type: none"> • Financial Analysis | <ul style="list-style-type: none"> • Chapter 28 |
| 15 | <ul style="list-style-type: none"> • Financial Planning | <ul style="list-style-type: none"> • Chapter 29 |
| 16 | <ul style="list-style-type: none"> • Working Capital Management | <ul style="list-style-type: none"> • Chapter 30 |
| 17 | <ul style="list-style-type: none"> • Mergers | <ul style="list-style-type: none"> • Chapter 31 |
| 18 | <ul style="list-style-type: none"> • Corporate Restructuring | <ul style="list-style-type: none"> • Chapter 32 |
| 19 | <ul style="list-style-type: none"> • Governance and Corporate Control around the World | <ul style="list-style-type: none"> • Chapter 33 |
| 20 | <ul style="list-style-type: none"> • Review | <ul style="list-style-type: none"> • Chapter 23-33 |
| | Final Exam | |