

Corporate Finance I

FIN-ISS201

Course Description

This is the first course of the corporate finance sequence. We will be focusing on NPV, valuation of debt and equity, risk and return, CAPM, cost of capital, capital budgeting, efficient market and behavior finance.

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

Principles of microeconomics, Principles of macroeconomics, Business Statistics, and Financial Accounting

Course Requirements

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

Learning Outcomes

-  Understand the mathematics of Time Value of Money
-  Be able to compute the price of bonds and the intrinsic value of stocks
-  Absorb the concept of risk and return
-  Understand the use of Capital Asset Pricing Model (CAPM)
-  Learn how to calculate the cost of capital for a company and how to determine its best capital structure
-  Understand the idea of efficient market and how investors and companies react to market information
-  Understand project selection criterion.

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	• Introduction to Corporate Finance	• Chapter 1
2	• How to Calculate Present Values	• Chapter 2
3	• How to Calculate Present Values	• Chapter 2
4	• Valuing Bonds	• Chapter 3
5	• The Value of Common Stocks	• Chapter 4
6	• Net Present Value and Other Investment Criteria	• Chapter 5
7	• Making Investment Decisions with the Net Present Value Rule	• Chapter 6
8	• Making Investment Decisions with the Net Present Value Rule	• Chapter 6
9	• Review	• Chapter 1-6
	Midterm Exam	
10	• Introduction to Risk and Return	• Chapter 7
11	• Introduction to Risk and Return	• Chapter 7
12	• Portfolio Theory and the Capital Asset Pricing Model	• Chapter 8
13	• Portfolio Theory and the Capital Asset Pricing Model	• Chapter 8
14	• Risk and the Cost of Capital	• Chapter 9
15	• Risk and the Cost of Capital	• Chapter 9
16	• Project Analysis	• Chapter 10
17	• How to Ensure that Projects Truly Have Positive NPVs	• Chapter 11
18	• Agency Problems and Investment	• Chapter 12
19	• Efficient Markets and Behavioral Finance	Chapter 13
20	• Review	
	Final Exam	