

## **Corporate Finance** **FIN-ISS310**

### ***Course Description***

The course introduces students to key concepts in financial management, including financial securities, capital budgeting, risk and return, cost of capital, capital structure, corporate valuations, merger and acquisition, and real options. The course covers financial economics theory as well as empirical evidence on corporate financial policies and applications. It is intended for students aspiring to careers in finance.

### ***Required Texts***

Corporate Finance - 5th Global Edition by Jonathan Berk & Peter DeMarzo

### ***Prerequisite***

Introduction to Finance or permission of the instructor

### ***Course Requirements***

Component	%
Quizzes	10%
Project & Cases	25%
Midterm Exam	30%
Final Exam	30%
Participation	5%

### ***Learning Outcomes***

1. Appreciate the importance of finance in key decision making throughout a corporation.
2. Practice excel skills, including formatting and computation
3. Budget and project future P&Ls based on historical financials, adjusting for 1-time and extraordinary items.
4. Compute the future value, present value and the rate of return on an investment for projects that involve single or multiple cash flow(s).
5. Understand and calculate how time value of money applies to valuation of stocks and bonds and overall company value.
6. Analyze financial statements and the industry specific drivers for financial and operational success.

7. Value companies and projects using discounted cash flows, as well as payback, IRR, breakeven and comparable company analyses.
8. Learn about risk, return and calculate the cost of capital.
9. Understand how companies evaluate leverage in their financing decisions.
10. Understand the rationale and valuation of mergers and acquisitions.

### *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.

### *Tentative Schedule*

Period	Contents	Readings and Homework
1	<ul style="list-style-type: none"> <li>• Introduction</li> <li>• The Corporation and Financial Markets</li> </ul>	<ul style="list-style-type: none"> <li>• Chapter 1</li> </ul>
2	<ul style="list-style-type: none"> <li>• Introduction to Financial Statement Analysis</li> <li>• Financial Decision Making and the Law of One Price</li> </ul>	<ul style="list-style-type: none"> <li>• Chapter 2-3</li> </ul>
3	<ul style="list-style-type: none"> <li>• The Time Value of Money</li> </ul>	<ul style="list-style-type: none"> <li>• Chapter 4</li> </ul>
4	<ul style="list-style-type: none"> <li>• Interest Rates</li> <li>• Valuing Bonds</li> </ul>	<ul style="list-style-type: none"> <li>• Chapter 5-6</li> </ul>
5	<ul style="list-style-type: none"> <li>• Investment Decision Rules</li> </ul>	<ul style="list-style-type: none"> <li>• Chapter 7</li> </ul>
6	<ul style="list-style-type: none"> <li>• Fundamentals of Capital Budgeting</li> </ul>	<ul style="list-style-type: none"> <li>• Chapter 8</li> </ul>
7	<ul style="list-style-type: none"> <li>• Valuing Stocks</li> </ul>	<ul style="list-style-type: none"> <li>• Chapter 9</li> </ul>
8	<ul style="list-style-type: none"> <li>• Capital Markets and the Pricing of Risk</li> </ul>	<ul style="list-style-type: none"> <li>• Chapter 10</li> </ul>
9	<ul style="list-style-type: none"> <li>• Optimal Portfolio Choice and the Capital Asset Pricing Model</li> <li>• Estimating the Cost of Capital</li> </ul>	<ul style="list-style-type: none"> <li>• Chapter 11-12</li> </ul>
10	<ul style="list-style-type: none"> <li>• Investor Behavior and Capital Market Efficiency</li> <li>• Review</li> </ul>	<ul style="list-style-type: none"> <li>• Chapter 13</li> <li>• Review Worksheet</li> </ul>
	Midterm Exam	
11	<ul style="list-style-type: none"> <li>• Capital Structure in a Perfect Market</li> <li>• Debt and Taxes</li> </ul>	<ul style="list-style-type: none"> <li>• Chapter 14-15</li> </ul>
12	<ul style="list-style-type: none"> <li>• Financial Distress, Managerial Incentives, and Information</li> <li>• Payout Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Chapter 16-17</li> </ul>
13	<ul style="list-style-type: none"> <li>• Capital Budgeting and Valuation with Leverage</li> <li>• Valuation and Financial Modeling: A Case Study</li> </ul>	<ul style="list-style-type: none"> <li>• Chapter 18-19</li> </ul>
14	<ul style="list-style-type: none"> <li>• Financial Options</li> <li>• Option Valuation</li> </ul>	<ul style="list-style-type: none"> <li>• Chapter 20-21</li> </ul>
15	<ul style="list-style-type: none"> <li>• Real Options</li> <li>• Raising Equity Capital</li> </ul>	<ul style="list-style-type: none"> <li>• Chapter 22-23</li> </ul>
16	<ul style="list-style-type: none"> <li>• Debt Financing</li> <li>• Leasing</li> </ul>	<ul style="list-style-type: none"> <li>• Chapter 24-25</li> </ul>
17	<ul style="list-style-type: none"> <li>• Working Capital Management</li> <li>• Short-Term Financial Planning</li> </ul>	<ul style="list-style-type: none"> <li>• Chapter 26-27</li> </ul>
18	<ul style="list-style-type: none"> <li>• Mergers and Acquisitions</li> <li>• Corporate Governance</li> </ul>	<ul style="list-style-type: none"> <li>• Chapter 28-29</li> </ul>
19	<ul style="list-style-type: none"> <li>• Risk Management</li> </ul>	<ul style="list-style-type: none"> <li>• Chapter 30</li> </ul>
20	<ul style="list-style-type: none"> <li>• International Corporate Finance</li> <li>• Review</li> </ul>	<ul style="list-style-type: none"> <li>• Chapter 31</li> <li>• Review Worksheet</li> </ul>
	<ul style="list-style-type: none"> <li>• Final Exam</li> </ul>	