



FIN 530

Corporate Finance

Session: F3

Module II, 2021-2022

Course Information

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Office Hour: Tue/Fri 3:30PM-5:30PM (or by appointment)

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Classes:

Lectures: Tue/Fri 1:30PM-3:20PM

Venue: TBD

Course Website:

PHBS Course Management System (CMS): cms.phbs.pku.edu.cn. Search for "Corporate Finance-F2/F3-2021M2" and enrol with the code of "**CF21M2F2/F3**".

All students must register into CMS because the lecturer notes and course assignments will be distributed through the course website. Note: Please enter your name in ENGLISH when you register on CMS because the system does not recognize Chinese characters.

1. Course Description

1.1 Context

Course overview:

The course introduces students to the subject of corporate financial management. The aim of this course is to examine how decision making by corporate managers can enhance shareholder value. Particular attention is paid to investment decisions (e.g., the choice of investment projects) and financing decisions (e.g., the choice of debt and equity).

Emphasis is given to *value measurement* as well as *value creation*. Capital markets are introduced as the benchmark for all valuation purposes, and as a useful tool to infer essential information needed for financial valuation and decision-making.

Prerequisites:

This course presumes that students have taken basic courses in accounting, economics, and finance.

1.2 Textbooks and Reading Materials

Lecture notes, assignments, and other useful materials will be posted on the course web page.

Textbook:

2. Learning Outcomes

2.1 Intended Learning Outcomes

Learning Goals	Objectives	Assessment (YES with details or NO)
1. Our graduates will be effective communicators.	1.1. Our students will produce quality business and research-oriented documents.	
	1.2. Students are able to professionally present their ideas and also logically explain and defend their argument.	√
2. Our graduates will be skilled in team work and leadership.	2.1. Students will be able to lead and participate in group for projects, discussion, and presentation.	√
	2.2. Students will be able to apply leadership theories and related skills.	
3. Our graduates will be trained in ethics.	3.1. In a case setting, students will use appropriate techniques to analyse business problems and identify the ethical aspects, provide a solution and defend it.	
	3.2. Our students will practice ethics in the duration of the program.	
4. Our graduates will have a global perspective.	4.1. Students will have an international exposure.	
5. Our graduates will be skilled in problem-solving and critical thinking.	5.1. Our students will have a good understanding of fundamental theories in their fields.	√
	5.2. Our students will be prepared to face problems in various business settings and find solutions.	√
	5.3. Our students will demonstrate competency in critical thinking.	√

2.2 Course specific objectives

The objectives of this course are to give students the capacity to understand the theory and apply, in real world situations, the techniques that have been developed in corporate finance, and to give the big picture of corporate finance so that students can understand how things fit together.

2.3 Assessment/Grading Details

The course grade will be determined by the following scheme:

Mid-term exam	45%
Group project	30%
Class attendance & participation	10%
Case report	5%
Problem sets	10%
Total	100%

2.4 Academic Honesty and Plagiarism

It is important for a student's effort and credit to be recognized through class assessment. Credits earned for a student work due to efforts done by others are clearly unfair. Deliberate dishonesty is considered academic misconducts, which include plagiarism; cheating on assignments or examinations; engaging in unauthorized collaboration on academic work; taking, acquiring, or using test materials without faculty permission; submitting false or incomplete records of academic achievement; acting alone or in cooperation with another to falsify records or to obtain dishonestly grades, honors, awards, or professional endorsement; or altering, forging, or misusing a University academic record; or fabricating or falsifying of data, research procedures, or data analysis.

All assessments are subject to academic misconduct check. Misconduct check may include reproducing the assessment, providing a copy to another member of faculty, and/or communicate a copy of this assignment to the PHBS Discipline Committee. A suspected plagiarized document/assignment submitted to a plagiarism checking service may be kept in its database for future reference purpose.

Where violation is suspected, penalties will be implemented. The penalties for academic misconduct may include: deduction of honour points, a mark of zero on the assessment, a fail grade for the whole course, and reference of the matter to the Peking University Registrar.

For more information of plagiarism, please refer to *PHBS Student Handbook*.

3. Topics, Teaching and Assessment Schedule

The following course outline is an approximate schedule of topics to be covered. *Please note that it is subject to change.*

	Date		Topics	Notes
1	11/19/2020	FRI	Time Value of Money, Review NPV formula	
2	11/23/2020	TUE	Bond and Stock Valuation	
3	11/26/2020	FRI	Capital Budgeting Methods	
4	11/30/2020	TUE	Project Cash Flows	
5	12/3/2020	FRI	Risk and Return, SML, and CAPM	Problem Set I DDL
6	12/7/2020	TUE	Capital Structure- M&M Theorem, Cost of Capital	
7	12/10/2020	FRI	Taxes vs. Bankruptcy Costs - Optimal Capital Structure	
8	12/14/2020	TUE	Valuation Methods of Levered Firms	Problem Set II DDL
9	12/17/2020	FRI	Valuation Methods of Levered Firms	
10	12/21/2020	TUE	Case Study: Boeing 777	Case Report
11	12/24/2020	FRI	Valuation by Multiples, Raising Capital	
12	12/28/2020	TUE	Raising Capital Cont.	
13	12/31/2020	FRI	Mergers and Acquisitions	Problem Set III
14	1/4/2021	TUE	Midterm	
15	1/7/2021	FRI	Case Study (TBD)	Case Report
16	1/11/2021	TUE	Advanced Topic (TBD)	
17	1/14/2021	FRI	Group Project Presentation	
18	1/18/2021	TUE	Group Project Presentation	

4. Miscellaneous

Class Attendance and Participation

Class attendance is required. You will be asked to take attendance in two random classes. Each attendance record accounts for 5% of the final grade.

Being active in class by asking relevant questions and providing good answers is highly encouraged and will be rewarded. Suppose you missed the class with attendance taking, you can make it up by being active in the other classes. The students that I feel made significant positive contribution to the learning environment of the classroom will be granted with additional points. The total points of class attendance and participation will not exceed 10% of final evaluation.

Calculator

You will need a calculator for the midterm and final exams. Cell phones or computers are not

allowed. If you don't bring one, you will not be allowed to borrow it from your classmates.

Case report

We will discuss two cases during the course, and you are obligated to prepare for course discussion by thorough reading and analysis of the assigned materials before the classes. You will be asked to write a brief report (within one page) on the pre-assigned questions. You can choose one of the two cases to work on, and submit a report at beginning of the class in which we discuss the case. The report accounts for 5% of the overall grading. My evaluation will be based on the quality of your report and your participation of case discussion in class.

Problem sets

We will give you three problem sets for homework exercise. You will be asked to submit your answers by the deadlines denoted in the schedule, and solutions will be published after the deadlines. You can choose at least two out of the three problem sets to work on and submit. Each submission record accounts for 5% of the overall grading. We will not grade your answers. You get the points as long as you turn in the homework.

Group Project

Group project will focus on understanding a real-world corporate event by collecting information on the details of a deal and carefully analysing it.

You can form a group of 4-6 students (preferably 5 students) by yourself and let us know your group members via email to the TA by Nov 30. Students whose names are not submitted by this deadline will be assigned randomly into groups by TA.

Every group member has the same grading, unless we received complains about free-riders. More details on the project, required report and presentation grading criteria will be provided in the first lecture.

You will tell us the choice of the deal/event of your project by **Dec 20**. Each group needs to submit your slides by **Jan 13** and present your work in class in a short 15 minutes presentation either on **Jan 14**, or on **Jan 18**. A hard copy of the project report needs to be submitted by **Jan 23**. Your presentation performance accounts for 15% and the project report accounts for 15% of the final grading.