



<b>Course Information</b>	
Course Title : FIN 301 Corporate Finance	Semester : Winter 2019
<b>Class Hours:</b> Monday through Friday, 160 minutes each day	
<b>Discussion Section:</b> 3 hours each week	<b>Field Trip:</b> According to professors' teaching plan
<b>Prerequisites</b>	
Principles of Microeconomics , Principles of Macroeconomics, Calculus, Statistics , and Financial Management. Those who have not met those prerequisites must obtain a permission from the course instructor in order to take this course.	
<b>Textbooks and Reference</b>	
Required Texts: Brigham & Ehrhardt, Financial Management: Theory and Practice, 15th Edition, Cengage Learning; 2016. ISBN-13: 978-1305632295	
Suggested Additional Readings”	
(1)The Wall Street Journal (2)Financial Literacy for Managers: Finance and Accounting for Better Decision-Making, 2012, by Richard A. Lambert, ISBN-13: 978-1613630181	
<b>Course Outcomes</b>	
Successful completion of the course will allow students to:	
<ol style="list-style-type: none"> <li>1.critically understand the theories behind some important corporate decisions – debt policy, dividend policy, investment banking, and alternative financing sources;</li> <li>2.understand how to use the theories to guide real-world decision making and improve the valuation of a corporation and projects;</li> <li>3.understand anti-take over measures and their implications;</li> <li>4.make sound forecast and correctly valuate a firm’s operations, tax shields;</li> <li>5.think beyond normal equity-debt mix – how to use lease and hybrid financing;</li> <li>6.understand real options, their valuation, and corporate risk management;</li> <li>7.be familiar with the process of IPO, investment banking, and merger accounting and merger decisions; and</li> <li>8.be able to analyze contemporary economic issues and understand their potential impacts on corporate decisions.</li> </ol>	
<b>Course Description</b>	
The focus of this course is on various corporate issues – valuation, risk management, financing and payout policies, governance, alternative and hybrid financing sources,	



etc. This course will explore both the theory and practice of corporate finance. Material covered will focus on areas of relevance to corporate managers as financial decision-makers. Corporate financial decisions include how to raise capital (for example through security issues, bank borrowings, selling assets, et cetera), and what to do with it once it has been raised (for example investment in projects, payment of dividends, repurchasing securities). Special emphasis will be placed upon the understanding of the role of the financial manager, the goals of the firm, and the agency relationship between the managers and shareholders in the context of these goals. This course covers roughly the second half of the selected textbook (a typical course on introduction to finance would cover the first half), and possibly some Special Topics if time permits.

**Weekly Schedule (Jan. 7 – 26, 2019)**

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Week	Day	Topic
1	1	Introduction; financial options; options valuation
	2	The binomial method and the Black-Scholes formula; real options: concepts and their valuation
	3	Real options with decision tree and the Black-Scholes framework
	4	Read financial statement; pro-forma forecasting; firm valuation and determine equity value
	5	Corporate valuation model; how to find FCF; after-tax cost of capital and the concept of WACC
2	1	Predict NOPAT and FCF; a real world example
	2	Dividends and share repurchases: the MM irrelevancy theorem, signaling theory, and the tax clientele effect
	3	Capital structure optimization; MM irrelevancy theorem, other theories
	4	Discussion and review
	5	<b>Midterm Exam (in class)</b>
3	1	The effect of corporate tax and personal tax; the value of tax shields; firm valuation by the APV and WACC methods
	2	Lease financing, legal issues; tax benefits
	3	Various types of hybrid financing, IPO and investment banking; example of refinancing with new debt
	4	Mergers and acquisitions; type and regulations; value a merger; tax and merger accounting; corporate governance
	5	Discussion and review
	Jan. 27 or 28	<b>Final Exam (in class)</b>

**Note:**

- The course schedule is subject to change (please follow the announcements in class).  
If time permits, we will also cover miscellaneous topics based on students'



interests.

- The instructor will offer 3 hours of discussion or help session each week and students are encouraged to seek extra help by making arrangements with the instructor or the teaching assistant.

**Grading**

Attendance and participation	20%
Pop quizzes and homework	10%
Midterm exam	30%
Final exam	40%
<b>Total</b>	<b>100%</b>

Upon completion of this course, you receive a final grade. A final grade is a letter grade that carries with it a numerical value, as outlined below.

Grade	Percentage
A	80-100
B	70-79
C	60-69
D	50-59
E	0-49

**Policy on Absence**

All students are expected to attend classes and participate actively. Quizzes are not announced in advance. Generally speaking, there will be no make-up offered for missed exams or quizzes. If your absence is justified, you are expected to bring the relevant document to the instructor. It is at the instructor’s discretion whether your absence is excusable or not. In practice, missing more than 3 classes will make your learning very difficult. Not taking an exam will result in an F as the final course grade.

**Exams**

We will have two major exams – the midterm exam and final exam. The final exam will be cumulative, i.e., covering all the material covered in class. However, about 80% will be allocated to cover the topics post the midterm exam.

**Academic Integrity**

We strictly follow the academic ethics codes of the school. Academic integrity is unconditionally upheld in this course. All assignments, quizzes and exams are to be



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completed independently. However, active discussion and team spirit are encouraged in appropriate context, for example, before and after you complete an assignment, in preparation of the quizzes and exams, reviewing a topic or studying it in advance, etc. Cheating and plagiarism in any fashion are absolutely unacceptable. Upon verification, violators will lose points commensurate with the violation up to failing the course.

**Disability accommodation**

Any student who needs special accommodation due to the impact of a disability should contact the instructor and/or the university within the first week of the class.