



浙江大學

FINS903

Corporate Finance

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Instructor contact details

Lecturer-in-charge: TBA

Office location: to be announced

Email: wlwyxy_29@zju.edu.cn

Consultation Times: to be announced, and by appointment

Teaching Times and Locations

The Time and Location: TBA

Lecture sessions include lectures, seminars, field trips as well as in-class pitches and presentations.

Units of Credit

The course is worth 6 units of credit, with total of 40 teaching hours.

Course Description

This course is designed as an introductory level course in corporate financial management. The purpose of this course is to provide the conceptual foundations for making intelligent financial decisions by developing an understanding of modern corporate financial theory and practice. The course covers different securities used to raise external capital with an emphasis on the institutional aspects of acquiring capital. Capital structure theory is explained in detail with an in-depth analysis of market imperfections such as taxes, cost of financial distress, agency and informational issues. Payout policy and different payout strategies are discussed. The course then introduces different financing instruments and strategy, followed by discussions of corporate liquidity management. The course ends with discussion of special topics dealing with the market for corporate control and corporate governance. Throughout the course, theoretical discussions will be accompanied by numerical examples, analysis of real world examples, evaluation of empirical evidence, and a case.

Prerequisite

N/A.

Learning Resources

Peirson, G., Brown, R., Easton, S., Howard, P. & Pinder S. Business Finance, McGraw-Hill, 12th edition, 2014

The lecture notes will be handed out during class.

Learning Objectives

By the end of this course you should be able to:

- 1 Analyse whether a proposed corporate transaction is in the best interests of the firm's shareholders.
- 2 Estimate a firm's weighted average cost of capital under classical and imputation systems, and analyse the relationship between capital structure, the cost of capital and value.
- 3 Perform a discounted cash flow valuation and analyse its sensitivity to alternative assumptions underlying its cash flows and discount rate.
- 4 Identify real options which are likely to affect firm value and perform a real options valuation.

Course Delivery

The course will be taught in English through lectures, tutorials, group activities, student projects and presentations. In addition to these, there will also be guest speakers and optional field trips available for students who would like to enhance their learning experience. The course will be delivered within 16 sessions, with each session totaling 2.5 hours-inclusive of both a lecture and tutorial. These sessions will be running during the weekdays, Monday to Friday. The course will be at total 40 hours.

Topics and Course Schedule

Topic	Activities	Day
Course Introduction - What is the corporation?	Lecture; Tutorial	23/12/2019
Corporate Financing Decision - Debt vs. Equity	Lecture; Tutorial	24/12/2019

Capital Structure in a Perfect Market - Modigliani and Miller Theorem	Lecture; Tutorial	25/12/2019
Capital Structure in a Imperfect Market (1) - The Interest Tax Shield	Lecture; Tutorial	26/12/2019
Capital Structure in a Imperfect Market (2) - Bankruptcy Cost - Agency Cost of Debt	Lecture; Tutorial	27/12/2019
Optimal Capital Structure - Trade-off Theory vs. Pecking Order Theory	Lecture; Tutorial	28/12/2019
Cost of Capital: - Choosing the correct risk free rate - Calculating the correct project beta - Calculating the correct market price of risk	Lecture; Tutorial	29/12/2019
Corporate Payout Policy	Lecture; Tutorial	02/01/2020
Valuation: Valuing of Projects/Firms - Introduction to Corporate Valuation - Estimating Free Cashflows	Lecture; Tutorial	03/01/2020
Financing Instrument (1) - Equity Financing	Lecture; Tutorial; Quiz	06/01/2020
Financing Instrument (2) - Debt Financing	Lecture; Tutorial;	06/01/2020
Financing Instrument (3) - Optimal External Financing - Financing Instruments & Strategy	Lecture; Tutorial	06/01/2020
Corporate Liquidity Management	Lecture; Tutorial	07/01/2020

- Value of Liquidity - Corporate Liquidity Policy		
Corporate Cash Holdings	Lecture; Tutorial	08/01/2020
Market for Corporate Control - Mergers and Acquisitions	Lecture; Tutorial;	09/01/2020
Corporate Governance - Agency Problem	Lecture; Tutorial; Assignment submission	09/01/2020

Assessments:

Class Participation	10%	Everyday in class
Quiz	15%	06/01/2020
Assignment	25%	Due date: 09/01/2020
Final exam	50%	10/01/2020

Note: Class Participation

Participation can take many different forms. Engagement in class discussion with thoughtful questions and answers benefiting all students will improve your participation score. Disruptive behavior will be detrimental to your participation score. The lecturer may consider the use of computers and other electronic devices to be disruptive to the class. Please ensure all your devices are turned off before the start of class.

Class (Tutorial) participation (10%):

Active engagement in class activities and discussions are encouraged to consolidate what has been learnt in lectures. Class participation is essential towards developing a comprehensive understanding on the learning outcomes and expectations placed on students. Students are expected to participate and actively engage in all class discussions in order to ensure that they gain a more holistic learning experience. Those who are unwilling to contribute or participate in class discussions should expect relatively low class participation grade even if they are physically present in all classes.

To further enhance the learning experience, it is also important for you to engage in regular discussions with other students, in exchanging knowledge and ideas with regards to this course and its key topics. Students are expected to be present and punctual for all their classes. Lateness and causing disruption to other students is not acceptable and will not be tolerated. Doing so will lead to the deduction of class participation marks. Students are expected to be respectful towards their peers, their lecturers and all other staff members. If you are not ready to meet these basic expectations, this may not be a suitable option of study for you.

Quiz (15%):

Type: Examination

Weight: 15%

Length: A 40 minutes quiz conducted in the class.

Task: This is a closed book examination.

Details of the test will be announced and discussed in class.

Assignment (25%):

Students will be allocated into groups to complete a group assignment relating to course topics. They are required to work collaboratively with each other to complete this task and present it to the class through a speech (optional). Details of the assignment will be announced and discussed during the class.

- 5 pages maximum in A4,
- 12 point Times New Roman font
- Single line spacing

· Late submission will attract a penalty of 10% of the total weighting of the assessment task. A 10% deduction applies for EACH late day and the assessment will not be accepted after 5 working days. Extensions will only be granted upon the basis that there is reasonable medical evidence of illness or any other extreme circumstances that the university may place under consideration. Under no circumstances will extensions be granted for work or any other commitments. A request for an extension must formally submitted to the lecturer in writing prior to the due date, in accordance with the university's assessment policies. Medical certificates or other evidence of extreme misfortune must be submitted through a special consideration form and must contain information that justifies the extension sought.

Final examination (50%):

Type: Examination

Weight: 50%

Length: A two hours formal final examination will be scheduled by the lecture and conducted in the class.

Task: This is a closed book examination.

Students should expect a variety of differently structured questions such as multiple choice answers, short answer questions, and extended responses. Students are expected to attempt all components of the exam to their best of their abilities. Students will be provided with samples questions and a comprehensive explanation on exam instructions.

Please make sure that you are physically present in all classes, especially on examination dates. No make-up tests or examinations will be provided.

Grade Descriptors:

HD	High Distinction	85-100
D	Distinction	75-84
Cr	Credit	65-74
P	Pass	50-64
F	Fail	0-49

High Distinction 85-100

Treatment of material evidences an advanced synthesis of ideas

Demonstration of initiative, complex understanding and analysis

Work is well-written and stylistically sophisticated, including appropriate referencing, clarity, and some creativity where appropriate

All criteria addressed to a high level

Distinction 75-84

Treatment of material evidences an advanced understanding of ideas
Demonstration of initiative, complex understanding and analysis
Work is well-written and stylistically strong
All criteria addressed strongly

Credit 65-74

Treatment of material displays a good understanding of ideas
Work is well-written and stylistically sound, with a minimum of syntactical errors
All criteria addressed clearly

Pass 50-64

Treatment of material indicates a satisfactory understanding of ideas
Work is adequately written, with some syntactical errors
Most criteria addressed adequately

Fail 0-49

Treatment of ideas indicates an inadequate understanding of ideas
Written style inappropriate to task; major problems with expression
Most criteria not clearly or adequately addressed

Academic Integrity

Students are expected to uphold the university's academic honesty principles which are an integral part of the university's core values and principles. If a student fails to observe the acceptable standards of academic honesty, they could attract penalties and even disqualification from the course in more serious circumstances. Students are responsible for knowing and observing accepted principles of research, writing and any other task which they are required to complete.

Academic dishonesty or cheating includes acts of plagiarism, misrepresentation, fabrication, failure to reference materials used properly and forgery. These may include, but are not limited to: claiming the work of others as your own, deliberately applying false and inaccurate information, copying the work of others in part or whole, allowing others in the course to copy your work in part or whole, failing to appropriately acknowledge the work of other scholars/authors through acceptable referencing standards, purchasing papers or writing papers for other students and submitting the same paper twice for the same subject.

This Academic Integrity policy applies to all students of the Zhejiang University in all programmes of study, including non-graduating students. It is to reinforce the University's commitment to maintain integrity and honesty in all academic activities of the University community.

Policy

- The foundation of good academic work is honesty. Maintaining academic integrity upholds the standards of the University.
- The responsibility for maintaining integrity in all the activities of the academic community lies with the students as well as the faculty and the University. Everyone in this community must work together to ensure that the values of truth, trust and justice are upheld.
- Academic dishonesty affects the University's reputation and devalues the degrees offered.
- The University will impose serious penalties on students who are found to have violated this Policy. The following penalties may be imposed:
 - o Expulsion;
 - o Suspension;
 - o Zero mark/fail grade;
 - o Marking down;
 - o Re-doing/re-submitting of assignments or reports; and
 - o Verbal or written warning.