

DONGGUAN UNIVERSITY OF TECHNOLOGY

School of Economics and Management

Course Syllabus

Spring 2019

Course Information

Course Code	086608
Course Title	Corporate Finance
Instructor	Danni Zhou
Class	2016, Economics and Finance (Financial Management International Program)
Course Category	☒ Compulsory ☐ Elective
Credit(s)	3
Total Hours	54
Hours Per Week	4 hours for week 1-9; 2 hours for week 10-18
Practical Hours	0
Lab Practice Hours	0
Classroom	Tuesday: R3202, GuanCheng Campus; Friday: R6209, GuanCheng Campus
Time	Tuesday, 10:25-12:00; Friday, 8:30-10:10
Office Hour	By appointment
Required Textbook	Corporate Finance, by Stephen A. Ross, Randolph W. Westerfield and Jeffrey Jaffe (RWJ), 10th edition, McGraw-Hill 2013.
Supplementary Materials	Regular reading of the Wall Street Journal is strongly recommended and will be highlighted throughout the course.
Prerequisites	Microeconomics, Accounting

Assessment and Grading

Your grade is composed by three parts. They are attendance (15%), midterm exam (15%), and final exam (70%).

The date of exam is in the tentative schedule. All problems in exam will be multiple choice question, which means you should choice one from four or more candidates of answer. The detailed grading is as following:

	Standard	Notes
Attendance, 15%	If you are late or leave early, your grade will be taken one point each time. If you are absent for one class, the taken point will be 2 for each absentee. Give questions is a good way to get points in attendance.	If you are taken more than 10 points away, I will reserve your right to participate final exam.
Midterm exam, 15%	Questions for 100 points on the test paper and will be weighted to be 15% in your grade.	Closed book exam.
Final exam, 70%	Questions for 100 points on the test paper and will be weighted to be 70% in your grade.	Closed book exam.

Course Description

The course is covered in two parts. In part one; we will have an overview of financial management and financial environment. We will analyze firm's financial performance using financial ratio analysis. We will then discuss the time value of money (TVM) and use the concept of TVM in the valuation of bonds and stocks. In part two we will understand the methods for computing cash flows and the company's cost of capital and then use them to learn capital budgeting which involves project selection decisions.

Course Objectives

The goal of this course is to develop the analytical skills for making corporate investment with regards to financial decisions and risk analysis. This course will examine various theories including the concept of present value, the opportunity cost of capital, discounted cash flow analysis, a consortium of valuation techniques, issues between short & long term financial management, risk and return, capital asset pricing model, capital budgeting, corporate capital structure and financing decisions, dividend policy, investment and financial decisions in the international context, including exchange rate/interest rate risk analysis, and issues of corporate governance and control. In essence, we will explore the very patterns of corporate finance that has shaped the familiar yet complex terrain of today's global economy.

An equally important component of this course is its emphasis on developing your critical auditory and erudite writing skills to a level that is commensurate with

university standards. The course teaching methodologies will be composed of lectures, homework assignments and a group project.

Course Schedule

Week/Date	Topic	Required Reading and Assignments
1/Feb. 26	Introduction to the Fundamental Concepts of Corporate Finance	Slides, Chapter 1
1/ Mar. 1	Introduction to the Fundamental Concepts of Corporate Finance	Chapter 1
2/Mar. 5	The Objective in Corporate Finance	Slides
2/Mar. 8	The Objective in Corporate Finance	Slides
3/Mar. 12	The Investment Principle: Risk and Return Models	Chapter 2,6,7
3/Mar. 15	The Investment Principle: Risk and Return Models	Chapter 2,6,7
4/Mar. 19	From Risk & Return Models to Hurdle Rates:Estimation Challenges	Chapter 7,8
4/Mar. 22	From Risk & Return Models to Hurdle Rates:Estimation Challenges	Chapter 7,8
5/Mar. 26	Measuring Investment Returns I: The Mechanics of Investment Analysis	Chapter 9
5/Mar. 29	Measuring Investment Returns I: The Mechanics of Investment Analysis	Chapter 9
6/Apr. 2	Measuring Investment Returns II. Investment Interactions, Options and Remorse	Chapter 9
6/Apr. 5	Measuring Investment Returns II. Investment Interactions, Options and Remorse	Chapter 9
7/Apr. 9	Capital Structure: The Choices and the Trade off	Chapter 10,11,12
7/Apr. 12	Capital Structure: The Choices and the Trade off	Chapter 10,11,12

8/Apr. 16	Capital Structure:Finding the Right Financing Mix	Chapter 10,11,12
8/Apr. 19	Capital Structure:Finding the Right Financing Mix	Chapter 10,11,12
9/Apr. 23	Midterm exam	Review Notes
9/Apr. 26	Getting to the Optimal:Timing and Financing Choices	Chapter 16,17
10/Apr. 30	Getting to the Optimal:Timing and Financing Choices	Chapter 16,17
11/May 7	Returning Cash to the Owners: Dividend Policy	Chapter 16,17
12/May 14	Returning Cash to the Owners: Dividend Policy	Chapter 16,17
13/May 21	Assessing Dividend Policy:Or how much cash is too much?	Chapter 18
14/May 28	Assessing Dividend Policy:Or how much cash is too much?	Chapter 18
15/Jun. 4	Valuation	Chapter 29
16/Jun. 11	Valuation	Chapter 29
17/Jun. 18	Review for analytic tools	Review Notes
18/Jun. 25	Review	Review for final exam
Total	54 hours	

Date: 2019.2.22

Approved

Reviewed by

Bitao Shi

Signature

BITAO SHI

Director of

Department of International Business and Management