



Ewha International Summer College

Course Syllabus

Corporate Finance

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Home Univ.: Western Kentucky University
Dept.: Gordon Ford College of Business

This course presents the foundations of finance with an emphasis on applications vital for corporate managers. We discuss most of the major financial decisions made by corporate managers both within the firm and in their interactions with investors. In most of these decisions, the process of valuation will be emphasized throughout the course. Main topics include financial statement analysis, making investment decisions, valuation of financial securities, relationships between risk and return, capital structure choice, the effective use and valuation of derivative securities (futures and options), and risk management.

Compared to the (introductory) financial management class, this course goes further and deeper. It presents the materials more rigorously at an intermediate level and provides in-depth analyses. This course covers/reviews the materials dealt with in the introductory financial management course fast and deals with, in more detail and in more aspects, with financial statement analysis, investing/capital budgeting, financial market and financing/capital structure issues. It also covers special topics such as options and derivatives.

Description:

Upon completing this course, the students will be able to understand the big picture - unifying financial process of valuation. Based on this understanding, they can competently perform rigorous analyses on how to select capital budgeting/investment projects; how to determine capital structure by determining the optimal debt-equity mix; how to diversify or hedge away potential risks inherent in investments in corporate projects and financial securities. This course also lays foundation for more courses in the higher-level of finance, such as Financial Markets and Institutions, Investments (in securities) and Corporate Asset/Fund Management.

Field Trip / Invited Speaker

Depending on the schedule and students' interest, the instructor may be able to arrange a 2-3 hour field trip to a securities firm for the students to get the "feel" of the financial market/industry. Students have an opportunity of hearing from financial experts about how financial markets functions, how to invest and employment opportunities as well.

Alternatively, we can arrange to invite a financial expert to speak in class.

Objectives:

- Develop critical thinking skills of financial concepts
- Understand the theory and apply, in the corporate financial decision-making process and in the real-world, the techniques that have been developed in corporate finance.
- Obtain the big picture of corporate finance in order to understand how financial tasks (investing, financing and working capital management) fit together each other and with the main principles (time value of money and risk-return relationship).
- Ensure that students are up to date with trends and developments in financial markets such as private equity, venture capital, takeovers, bankruptcies, junk bonds, initial public offerings, financial crisis, etc.

Prerequisite::

- * No prerequisite is required, although knowledge of introductory financial management is desirable.
- * Textbook: Corporate Finance, 12th Ed. by Ross, Westerfield and Jaffe, McGraw-Hill-Irwin, 2019 (more cost-efficient 2016's 11th edition is acceptable)
- * Lecture notes (chapter outlines), practice questions, solutions for problems, and other materials related to the course are provided by the instructor. Additional materials are to be provided as needed.

Credits	3	Contact Hours	45
Week 1	6/25(Thu)	I. Overview of Corporate Finance Ch. 1: Introduction to Corporate Finance	
Week 2	6/29(Mon)	Ch. 2: Financial Statements and Cash Flows Ch. 3: Financial Statement Analysis and Financial Models	
	6/30(Tue)	II. Two Main Principles (review of important materials learned in a previous finance course) Summary Handout to be provided <u>Time Value of Money</u> Ch. 4: Discounted Cash Flows Ch. 8: Bond Valuation	
	7/1(Wed)	Ch. 9: Stock Valuation <u>Risk-Return Relationship</u> Ch. 10: Risk and Return	
	7/2(Thu)	III. Capital Budgeting Ch. 5: Investment Decision Criteria	
Week 3	7/6(Mon)	Ch. 6: Making Capital Investment Decisions	

	7/7(Tue)	Mid-Term Exam, Case 1 (Capital Budgeting)
	7/8(Wed)	IV. Capital Markets Ch. 11: Risk and Return and Capital Asset Pricing Model Ch. 12: An Alternative View of Risk and Return (*brief coverage)
	7/9(Thu)	Ch. 13: Risk, Cost of Capital and valuation Ch. 14: Efficient Capital Markets and Behavioral Challenges (*brief coverage)
Week 4	7/13(Mon)	V. Capital Structure and Dividend Policy Ch. 15: Long-Term Financing (*brief coverage) Ch. 16: Capital Structure - Basics
	7/14(Tue)	Ch. 17: Capital Structure - Limits to the Use of Debt Ch. 19: Dividend Policy (*brief coverage)
	7/15(Wed)	Case 2 (Capital Structure) VI. Special Topics Ch. 22: Options and Corporate Finance
	7/16(Thu)	Ch. 24: Derivatives and Hedging Risk Ch. 29: Mergers, Acquisitions, and Divestitures
Week 5	7/20(Mon)	Special Session, Financial Decision Making Game Comprehensive Review
	7/21(Tue)	Final Exam

Evaluation(%)	Midterm 25	Final 35	Attendance 10	Assignments (Homework, Cases) 20	Participation (Discussions, Games) 10	Etc.
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