

# Nankai University

## Undergraduate Course Syllabus

### 1. Course Information

<b>Course Name</b>	Corporate Finance						
<b>Course Number</b>	FINA0115						
<b>Course Type</b>	<input type="checkbox"/> Compulsory course -- Liberal Arts Education <input type="checkbox"/> Elective course -- Liberal Arts Education <input checked="" type="checkbox"/> Compulsory course -- Professional <input type="checkbox"/> Elective course -- Professional						
<b>Credit</b>	3	<b>Lecture Hours</b>	51	<b>Practicum Hours</b>	0	<b>Total Hours</b>	51
<b>Grading Structure</b>	<input checked="" type="checkbox"/> Percentage system <input type="checkbox"/> Pass/Fail System						
<b>Course Provider</b>	School of Finance						
<b>Prerequisite courses</b>	Accounting						
<b>Course Director</b>	Qing He						
<b>Course Textbooks and Reference Materials</b>							
<b>Textbooks</b>	<b>Authors</b>	<b>Title</b>	<b>Publishing House</b>	<b>ISBN</b>			
	Stephen A. Ross; Randolph W. Westerfield; Jeffrey Jaffe	Corporate Finance	McGraw Hill	9781260772388			
<b>Reference Materials</b>	<b>Authors</b>	<b>Title</b>	<b>Publishing House</b>	<b>ISBN</b>			
	Shulian Liu; Yanxiu Niu	Corporate Finance (in Chinese)	Press of Dongbei University of Finance And Economics	9787565411830			

## 2. Course Introduction

Corporate Finance, one of the core finance courses at the micro level, is of utmost importance to a rigorous finance education. The course revolves around a modern corporation, emphasizing well-functioned financial markets and value investing, and presents concepts, theories, tools and methods aimed at maximizing the value of the firm. On one hand, students will obtain a comprehensive knowledge of finance at the firm level by discussing the basic concepts, theories, and principles, and be able to analyze and solve real-world financial problems with a solid command of the corporate finance tools and applications. On the other hand, while covering various corporate finance topics, students should deepen their understanding of the core socialist values, have a firm grasp of the theoretical underpinnings in the context of financial globalization and liberalization, acquire the ability to apply the relevant theory, and develop national identity and appropriate business ethics. The main contents of this course include:

- Financial instruments and their cashflows;
- Time value of money and valuation of future cash flows;
- Capital Asset Pricing Model (CAPM);
- Calculation of project return, sensitivity analysis and break-even point analysis;
- Comparing equity capital financing and debt capital financing methods;
- Capital structure and weighted-average cost of capital;
- Capital budgeting;
- Dividend policy;

## 3. Course Content and Teaching Arrangements

Num	Content	Hours	Type
1	<p><b>Chap 1:</b> Introduction to corporate finance</p> <p>This chapter serves as the introductory chapter of the course and focuses on the basic concepts of corporate finance, the objectives of corporate finance, agency problems and internal control of the firm.</p>	3	Lecture, discussion
2	<p><b>Chap 2:</b> Financial analysis and cash flow management</p> <p>This chapter introduces the theories and methods related to financial analysis, such as DuPont analysis, ratio analysis, and financial forecasting models.</p>	3	Lecture
3	<p><b>Chap 3:</b> Financial instruments and valuation of future cash flows</p> <p>This chapter first introduces characteristics of various forms of financial instruments like treasury bills, treasury bonds, long-term debt and equity. Then, this chapter introduces the</p>	6	Lecture

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	time value of money as a fundamental financial concept so that students can fully understand and apply the time dimension of the value of money and become proficient in the terminal and present values of various types of financial instruments as well as conversions between various interest rates.		
4	<b>Chap 4: Valuation of stocks</b> This chapter focuses on recognizing and applying the three stock valuation models -- discounted dividend model, discounted free cash flow model, and the price multiplier approach.	6	Lecture, discussion
5	<b>Chap 5: Risks and Returns</b> This chapter first describes how to measure the expected return and risk of securities and portfolios, and then focuses on the principles and applications of the Capital Asset Pricing Model (CAPM) by distinguishing between systematic and unsystematic risks.	6	Lecture
6	<b>Chap 6: Investment decision making</b> This chapter focuses on how to assess risks and returns of different investment projects, including the principles and assessment process of specific calculation methods such as the net present value method, internal rate of return method, profitability index method and payback period method. On this basis, it deepens students' understanding of risk and return through the introduction of project risk sources, sensitivity analysis and break-even point analysis, and develops students' risk management ability and their ability to comprehensively assess projects.	3	Lecture, discussion
7	<b>Chap 7: Capital budgeting and methods: long-term financing</b> This chapter provides students with an understanding of the major long-term financing methods available to corporations and their advantages and disadvantages by evaluating and comparing equity capital financing and debt capital financing methods.	6	Lecture
8	<b>Chap 8: Leverage and capital structure</b> This chapter first talks about how the different	3	Lecture

	types of cost of capital are calculated and how the different cost of capital weights are determined. Then it introduces operating leverage, financial leverage, the analysis of total leverage, and trains students leverage calculation. Finally, through the introduction of the classical theories of capital structure, students could understand the various factors affecting capital structure.		
9	<b>Chap 9:</b> Capital structure decisions and valuation of leveraged companies This chapter introduces the classic approaches to capital structure decisions, including the comparative least-cost method and the earnings per share nondifferential point method. It also introduces the adjusted present value method for leveraged companies and projects and the weighted average cost of capital method.	6	Lecture
10	<b>Chapter 10:</b> Dividend policy This chapter introduces dividend distribution forms and procedures, focusing on theories related to dividend policy including signal theory and agency theory, as well as introducing dividend policy decisions, stock repurchases and stock splits.	3	Lecture, discussion
11	<b>Chapter 11:</b> Working capital management This chapter describes working capital investments and investment strategies, short-term debt financing including commercial credit financing, short-term borrowing, cash management, accounts receivable management, and inventory management.	6	Lecture

#### **4. Course Assessment**

The course assessment consists of two main parts, one part is homework, accounting for 20%. The other part is a closed-book examination, which assesses students' knowledge mastery and accounts for 80% of the total.