



輔仁大學
Fu Jen Catholic University

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Fu Jen Catholic University

FIN 301 Corporate Finance

Summer 2019

Class hours: Monday through Thursday, 2 hours each day

Review and Discussion: Friday, 2 hours

Office hours: Friday/Saturday, 1 hour or by appointment

Field trip: According to Professors' teaching plan

Credit: 3

Total contact hours: 54 hours

Instructor: Chairat Chuwongnant

Course Description

This course is designed to educate students with the theories in corporate finance and advanced financial management as well as practices in the corporate financial world. Material covered will focus on areas of relevance to corporate managers as financial decision-makers. Corporate financial decisions include how to raise capital, what to do with it once it has been raised, and how the profits are distributed back to the investors. We will focus on several key areas of corporate finance such as the debt policy (i.e., capital structure), payout policy (i.e., dividend and share repurchases), firm valuation framework (i.e., FCF/WACC and APV), hybrid financing and lease financing, real options, pro forma forecast, etc. If time permits, we also plan to talk about some special topics such as merger and acquisition, FinTech's influence in the corporate world, etc.

Required Textbook

Berk and DeMarzo, *Corporate Finance*, 4th Edition, Pearson Series in Finance, 2016.
ISBN-13: 978-0134083278

Other Resources

similar textbooks may be used as complementary materials contingent upon consultation with the instructor. Online resources include *The Wall Street Journal* and *Yahoo Finance*.



Remarks: lecture notes will be provided electronically in advance. You may download those copyrighted materials from our educational website which only registered students

have access to. E-book version and earlier editions of the textbook may be used (2nd or later).

Term Project

Students are expected to work on a project and finish it prior to the date of the final exam. There are two choices:

- (1) pro forma forecast for a real company: the students will pick a real-world company and forecast its AFN
- (2) value a real firm's operations: use its accounting statements to find FCF and the implied value of the firm and equity

Students need to discuss their choice of the term project with the instructor in the first week and write a report and submit it by the date of the final exam. The report should contain at least 5 pages.

Course Outcomes

Successful completion of the course will allow students to:

1. critically understand the theories behind some important corporate decisions – debt policy, dividend policy, investment banking, and alternative financing sources;
2. understand how to use the theories to guide real-world decision making and improve the valuation of a corporation and projects;
3. make sound forecast and correctly value a firm's operations, tax shields;
4. think beyond normal equity-debt mix – how to use lease and hybrid financing;
5. understand real options, their valuation, and corporate risk management;
6. be familiar with the process of IPO, investment banking, and merger accounting and merger decisions; and
7. be able to analyze contemporary economic issues and understand their potential impacts on corporate decisions, such as FinTech and its implications.

Prerequisites

Principles of Microeconomics, Principles of Macroeconomics, Calculus or Statistics, and Financial Management. Those who have not met the prerequisite requirement must obtain a permission from the instructor in order to take this course.



Calculator

A financial calculator is highly recommended, otherwise a scientific calculator is needed for implementing the formulas.

Course Schedule and Contents

Week	Class	Contents
1	1	Introduction; financial options; options valuation
	2	The binomial method and the Black-Scholes formula; real options
	3	Valuating real options with decision tree and the Black-Scholes framework
	4	Pro forma forecasting; AFN
2	1	Corporate valuation model; the FCF/WACC framework, APV
	2	FCF; valuating a firm: a case study
	3	Corporate payout policy
	4	Payout policy: dividends and share repurchases
3	1	Debt policy and capital structure optimization
	2	The effect of corporate tax and personal tax; the value of tax shields
	3	Review for the midterm exam
	4	In-class midterm exam
4	1	Explain the midterm exam; lease financing introduction
	2	Legal issues; tax benefits; value a lease contract
	3	Hybrid financing
	4	Preferred stock, warrants and convertibles; valuation example (warrants);
5	1	IPO and investment banking
	2	Mergers and acquisitions; corporate governance issues
	3	Review for the final exam
	4	Discussion and review
	5	In-class final exam

Note: the instructor and the TA will offer office hours and discussion sessions on Fridays.

Grading

Attendance	10%
Quizzes	10%
Assignments	10%
Term project	10%
Midterm	30%
Final exam	30%
Total	100%

Please bring devices at your choice to take notes if you cannot print out my distributed lecture notes. The use of smart phones is prohibited in class. Students should attend every class. Missing 3 or more classes will make your learning extremely difficult. Quizzes are not announced in advance and no make-up will be offered if you miss a quiz

or exam. 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, roughly eighty percent will be dedicated to the topics post the midterm exam.

Academic Integrity

Academic integrity is unconditionally upheld in this course. Homework assignments, quizzes and exams are to be 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.

Grading Standard

Grade	Percent	GPA
80 to 100	A	4
70 to 79	B	3
60 to 69	C	2
50 to 59	D	1
49 and below	E	0