



**University of International Business and Economics
International Summer School**

FIN 305 Applied Corporate Finance

Term: July 15th – July 17th, 2020

Instructor: Xian Sun

Home Institution: Johns Hopkins University

Email: xian.sun@jhu.edu

Class Hours: TBD

Prerecorded videos: Monday through Wednesday

Live meeting: Thursday (specific time TBA)

Q&A: TA will collect questions from students weekly and the instructor will provide response in writing or in the prerecorded videos.

Total Contact Hours: 64 contact hours (45 minutes each, 48 hours in total)

Location: WEB

Credit: 4 units

Course Description:

If we can't apply what we have learned, who cares? This course is designed to develop students' ability to apply corporate finance knowledge in making financial decisions. Specifically, students will learn how to gather information, analyze it in light of theory and standard practice to arrive at value-creating financial decisions. Students will also develop skills to present and communicate their findings to a variety of audiences.

Course Goals:

1. Conduct financial statement analysis.
2. Discuss financing policy and sources of financial risk.
3. Evaluate stock prices and understand dividend policies, and its impact in the short-term and in the long-term.
4. Apply valuation in IPOs.
5. Discuss strategic decisions such as mergers and acquisitions and its impact on firm valuation.

Learning Materials:

- Required Cases:

1. **Costco Wholesale Corp. Financial Statement Analysis (A)**, product: A186A-PDF-ENG
2. Ceres Gardening Company: Funding Growth in Organic Products, product: 4017-PDF-

ENG

3. Financial Policy at Apple, 2013 (A), product: 214085-PDF-ENG
4. Facebook, Inc.: the Initial Public Offering, product: W12453-PDF-ENG
5. Marriott Corp. (A), product: 394085-PDF-ENG

- **Suggested textbook:**

Corporate Finance

Author: Berk, Jonathan / DeMarzo, Peter Edition: 3rd

Publisher: Prentice Hall, Inc.

- **Lecture notes**

Will be shared by the instructor.

Grading Policy:

In this course, grading will be based on the following:

Grading Scale:

Assignments and examinations will be graded according to the following grade scale:

A	90-100	C+	72-74
A-	85-89	C	68-71
B+	82-84	C-	64-67
B	78-81	D	60-63
B-	75-77	F	below 60

Attendance: Watch the recorded videos and attend the live zoom session once a week are required. Each student should read the assigned materials and give careful thought to background information prior to each class session.

Homework: There will be individual assignment as well as group assignment. Individual assignment, if given, is due by Tuesday, Wednesday and Thursday.

Group assignment is weekly and is due by Sunday midnight. There will be specific questions raised for each case. The deliverable shall include an executive summary at the beginning of the report of no more than 150 words. The report shall not exceed three pages in total, 1.5 spaced. Figures, references, and tables are excluded from the page limit.

Final presentation: Team can choose one of the cases studied during the course to present. The presentation time is 30 minutes. The final presentation will be given on Thursday's live zoom session of the last week.

Grading Scale:

Assignment	Weight
Attendance	5%
Individual Homework	25%
Group assignment	50%
Final Presentation	10%
Peer Evaluation	10%

Class Rules:

Students are expected to: *(faculty fill in as appropriate—here's an example):*

- *Attend all classes and be responsible for all material covered in class and otherwise assigned. Any unexcused absence may impact a student's grade.*
- *Complete the day's required reading and assignments before class*
- *Review the previous day's notes before class; make notes about questions you have about the previous class or the day's reading*
- *Participate in class discussions and complete required written work on time*

Course Schedule:

WEEK ONE (June 15th to June 18th):

Class number	Content	Readings/materials	Due
Class 1	Introduction of Financial Markets	PPT Lecture notes Prerecorded video	
Class 2	Review of financial statements	PPT Lecture notes Prerecorded video	Individual assignment 1
Class 3	Financial analysis: - A six-step framework - Industry analysis	PPT Lecture notes Prerecorded video	Individual assignment 2

Class 4	Live Session: Review of ratio analysis: DuPont System	PPT Lecture notes Costco Case	Individual assignment 3
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WEEK TWO (June 22nd to June 25th):

Class number	Content	Readings	Due
Class 5	Discuss of Costco case	PPT Prerecorded video	Group assignment 1: Costco case analysis
Class 6	Credit risk	PPT Lecture notes Prerecorded video	Individual assignment 4
Class 7	Forecasting	PPT Lecture notes Prerecorded video	Individual assignment 5
Class 8	Live Session: Debt financing and debt covenants - Agency cost of debt	PPT Lecture notes Ceres Gardening Case	Individual assignment 6

WEEK THREE (June 29th to July 2nd):

Class number	Content	Readings	Due
Class 9	Discuss of Ceres Case	PPT Prerecorded video	Group assignment 2: Ceres case analysis
Class 10	Pricing of risk - Risk premium and market portfolio	PPT Lecture notes Prerecorded video	Individual assignment 7

Class 11	Dividend and growth	PPT Lecture notes Prerecorded video	Individual assignment 8
Class 12	Live Session: Dividend policy	PPT Lecture notes Apple's Case	Individual assignment 9

WEEK FOUR (July 6th – July 9th):

Class number	Content	Readings	Due
Class 13	Discussion of Apple's Case	PPT Prerecorded video	Group assignment 3: Ceres case analysis
Class 14	Review of discounted cash flow approach of stock valuation	PPT Lecture notes Prerecorded video	Individual assignment 10
Class 15	Review of Capital Structure and WACC - pretax - aftertax	PPT Lecture notes Prerecorded video	Individual assignment 11
Class 16	Live Session: Signaling of capital structure	PPT Lecture notes Facebook's Case	Individual assignment 12

WEEK FIVE (July 13th – July 16th):

Class number	Content	Readings	Due
Class 17	Discussion of Facebook's Case	PPT Prerecorded video	Group assignment 4: Apple's case analysis
Class 18	Mergers and Acquisitions: - Purposes - Types	PPT Lecture notes Prerecorded video	Individual assignment 11

	- History		
Class 19	Sources of M&A Values - Theory - Evidence	PPT Lecture notes Prerecorded video	Individual assignment 12
Class 20	Live Session: - Final presentation by the team - Cross border M&As (global evidence) - Domestic M&As (China evidence)	PPT Lecture notes Marriott Case	Group assignment 5: Marriott case analysis due in three days after the last class.

Academic Honesty

Students are expected to maintain high standards of academic honesty. Specifically, unless otherwise directed by the professor, students may not consult other students, books, notes, electronic devices or any other source, on examinations. Failure to abide by this may result in a zero on the examination, or even failure in the course.