



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

FIN 210 Corporate Finance

Term: June 12th – July 7th, 2023

Instructor: TBD

Home Institution: TBD

Email: TBD

Class Hours: Monday through Friday, 120 minutes each day (2,400 minutes in total)

Office Hours: TBD

Discussion Session: 2 hours each week

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

Credit: 4 units

Course Description:

This course presents the foundations of finance, emphasizing 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. Essential in most of these decisions is the process of valuation, which will be emphasized throughout the course. Topics include criteria for making investment decisions, valuation of financial assets and liabilities, relationships between risk and return, capital structure choice, payout policy, the effective use and valuation of derivative securities (futures, options, and convertible securities), and risk management.

Course Goals:

After completing this course, you should be able to:

1. Determine the optimal capital structure for a firm.
2. Estimate a firm's weighted average cost of capital under the classical framework, and analyze the relationship between capital structure, the cost of capital, and value.
3. Perform an internally consistent corporate valuation using the discounted cash flow approach.
4. Estimate the impact on a firm's cash flows from implementing a risk management policy using options contracts and estimate the intrinsic value of those contracts.
5. Identify how real options will affect firm value and perform a real options valuation.
6. Analyze whether a proposed corporate transaction is in the best interests of the firm's shareholders.

Prerequisite:

Students are expected to have a thorough knowledge of all material covered in an introductory finance course.

Required Textbook:

Jonathan Berk and Peter DeMarzo - Corporate Finance, 4th edition, Pearson. (ISBN 9781292160160)

Grading Policy:

The grade for the course will be based on the following:

Mid-term Exam	20%
Case Study	30%
Final Exam	50%

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

Class Rules:

Students are expected to:

- 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

Academic Integrity:

Students are responsible for knowing policy regarding academic honesty. The University of International Business and Economics (UIBE) expects students to be honest in their academic work. Academic dishonesty is viewed as a serious violation of university rules and such misconduct is not accepted by academic community. In particular, students must refrain from plagiarism, cheating and collusion in connection with examinations, submitting substantially the same piece of work to different classes and must fully acknowledge all the sources of ideas and all assistance received in work submitted to the instructor for evaluation. Violation of the rules

of academic honesty may lead to suspension or disqualification of the student from further study at UIBE.

Attendance Policy:

Summer school is very intense and students need to attend every class to be successful. Occasionally, due to illness or other unavoidable circumstance, a student may need to miss a class. UIBE policy requires a medical certificate to be excused. Any unexcused absence may affect the student's grade. Moreover, UIBE policy is that a student who has more than 1/3 of the class in unexcused absences will fail the course.

Course Schedule:

Date	Lecture	Readings
Day 1	Course overview, Net Present Value, Risk and Arbitrage	Chapter 1&3&4
Day 2	Time Value of Money	Chapter 3&4
Day 3	Interest Rates	Chapter 5
Day 4	Discounted Cash Flow (DCF) Analysis, Capital Budgeting	Chapter 7&8
Day 5	Discounted Cash Flow (DCF) Analysis, Capital Budgeting	Chapter 7&8
Day 6	Capital Structure I: Optimal capital structure in a perfect capital market	Chapter 14
Day 7	Capital Structure II: Optimal capital structure with taxes;	Chapter 15
Day 8	Capital Structure III: Optimal capital structure with financial distress costs	Chapter 16
Day 9	Mid-semester Exam Review	Chapter 1,3, 4, 5, 7, 8, 12, 14, 15, 16
Day 10	Mid-semester Exam	N/A
Day 11	Payout Policy: Modigliani-Miller, taxes, managers' incentives for setting dividends, dividends as signals of firms' prospects	Chapter 17
Day 12	Fixed Income Securities	Chapter 6
Day 13	Fixed Income Securities	Chapter 6
Day 14	Valuing Stocks	Chapter 9

Day 15	Valuing Stocks	Chapter 9
Day 16	Valuing Stocks& Portfolio Theory	Chapter 9 & 11
Day 17	CAPM	Chapter 10&11
Day 18	CAPM	Chapter 10&11
Day 19	Final Exam Review	Chapter 1, 3-11, 14-17
Day 20	Final Exam	N/A