FIN3101A/FIN3701A: CORPORATE FINANCE

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Session: Semester 2, 2018/2019

Course objectives

This course aims to provide students with an in-depth understanding of Corporate Finance. Students will be exposed to key financial issues faced by modern-day finance managers of corporations. The course will also equip students with conceptual and analytical skills necessary to make sound financial decisions. Cases will be used to illustrate the concepts taught in lectures.

Prerequisites

- Finance (FIN2004/FIN2704)
- Basic understanding of Excel Spreadsheet functions
- Financial calculator

Course textbook

The reference noted below has been placed in the RBR section in HSSML:

Stephen A. Ross, Randolph W. Westerfield,, Jeffrey Jaffe, Joseph Lim, Ruth Tan, & Helen Wong, 2015, *Corporate Finance Asia Global Edition*, McGraw Hill, ISBN 978-1-259-01183-2.

All other course materials, journal articles, data files, and information pertaining to FIN3101A/FIN3701A will be posted on the IVLE. You are expected to check any updates and files on the IVLE system on the regular basis. You are encouraged to use IVLE discussion forum for your questions and comments. I encourage you to read regularly the financial news from Wall Street Journal or the Financial Times.

Assessment Methods

Class Participation	15%
Group Case Project	20%
Group Case Critique	5%
Test 1 (9 March 2019)	30%
Test 2 (15 April 2019)	30%
Total	**100%**

I. Class participation (15%)

Credits will be given for active participation in class. (*Warning: Zero mark will be given for non-participation throughout the course.)* Students will also be prompted with questions on any additional topics discussed in class.

II. Group Case Assignment (25%)

Each class will be divided into 9 groups for case assignments. Case assignment and guidelines will be made available TWO weeks before the due date. We will cover 3 cases during the semester. Out of the 9 groups, there will be 3 primary groups for each case. Groups 1A, 1B & 1C will take on the primary responsibility for case 1; groups 2A, 2B & 2C for case 2 and groups 3A, 3B & 3C for case 3. The 3 primary groups for the case will each submit a comprehensive report NOT exceeding overall total of 15 pages including texts, tables and appendices by the due date in both hard and soft copies. The report must be typewritten, on A4 size paper with double-spacing and font 12. It is due by 5pm on Thursday of the week before the case presentation. The soft copies will facilitate distribution of reports to the other 6 non-primary groups. The 6 non-primary groups are each required to submit a short critique of one of the reports. The critique is limited to one page (A4 sized, one-sided, font 11, double spacing) and both hard and soft copies must be submitted by 10am on Monday of the week after case reports have been submitted. During the case presentation, the 3 groups with primary responsibility will be given 25 minutes each to present their analysis. All students are expected to actively participate in the case discussions. The assignment of the non-primary groups is as follows:

Case Number	Presenting (Primary) Group	Critique (Non-Primary) Group
Case 1	1A	2A, 3A
Case 1	1B	2B, 3B
Case 1	1C	2C, 3C
Case 2	2A	1A, 3A
Case 2	2B	1B, 3B
Case 2	2C	1C, 3C
Case 3	3A	1A, 2A
Case 3	3B	1B, 2B
Case 3	3C	1C, 2C

III. Test 1 (30%)

A 2-hour closed-book test will be held on **9 March 2019 (Saturday) from 10am to 12noon**. You are allowed to bring a financial calculator and a normal calculator and one-sided A4-sized Note for Test 1. The contents of Test 1 will be announced during the semester.

IV. Test 2 (30%)

A 2-hour closed-book test will be held on **15 April 2019 (Monday) from 6pm to 8pm**. You are allowed to bring a financial calculator and a normal calculator and two-sided A4-sized Note for Test 2. The contents of Test 2 cover everything taught in the entire course.

Consultation Hours

Friday 2pm – 4pm

Main Topics:

Topic 1: Introduction (RWJ 1, 10-12)
1. Overview
2. Corporation and Agency Issues
3. Review of Risk and Return

Topic 2: Capital Budgeting (RWJ 13, 7, 23)
1. Review of Portfolio Theory and CAPM
2. Cost of Capital
3. Sensitivity, Scenario and Break-even Analysis
4. Real Options

Topic 3: Capital Structure (RWJ 14, 16-18, 20)
1. Review of Efficient Market Hypothesis
2. Raising capital and Issuing Securities
3. Venture Capital and IPO
4. Right Issues
5. Theories of Capital Structure
6. Tax Effects
7. Limits to the use of Debt
8. Agency Costs
10. Optimal Capital Structure
11. Interactions between Investments and Financing

Topic 4: Merger and Acquisitions (RWJ 29)
1. Motivations
2. Types of acquisitions
3. Value of Corporate Control
4. Merger Valuations
5. Empirical Evidence

Topic 5: Dividend Policy (RWJ 19)
1. Relevance of Dividend Policies
2. Share Repurchases

Schedule:

Week 1: Topic 1
Week 2: Topic 2
Week 3: Topic 3 (I)
Week 4: Topic 3 (II) (Makeup class is rescheduled to **9 February 2019** due to CNY Holidays)
Week 5: Topic 3 (III)
Week 6: Group Presentation and Review for Test 1
Recess Break
Week 7: Test 1 (**9 March 2019, Saturday, 10am-12noon**)
Week 8: Topic 4
Week 9: Group Presentation
Week 10: Topic 5
Week 11: Group Presentation
Week 12: Review for Test 2
Week 13: Test 2 (**15 April 2019, Monday, 6pm – 8pm**)

Academic Honesty & Plagiarism

Academic integrity and honesty is essential for the pursuit and acquisition of knowledge. The University and School expect every student to uphold academic integrity & honesty at all times. Academic dishonesty is any misrepresentation with the intent to deceive, or failure to acknowledge the source, or falsification of information, or inaccuracy of statements, or cheating at examinations/tests, or inappropriate use of resources.

Plagiarism is “the practice of taking someone else's work or ideas and passing them off as one's own” (The New Oxford Dictionary of English). The University and School will not condone plagiarism. Students should adopt this rule – You have the obligation to make clear to the assessor which is your own work, and which is the work of others. Otherwise, your assessor is entitled to assume that everything being presented for assessment is being presented as entirely your own work. This is a minimum standard. In case of any doubts, you should consult your instructor.

Additional guidance is available at:
http://www.nus.edu.sg/registrar/adminpolicy/acceptance.html#NUSCodeofStudentConduct

Online Module on Plagiarism: http://emodule.nus.edu.sg/ac/