



University of International Business and Economics International Summer School

FIN 210 Corporate Finance

Term: July 2 – August 2, 2018

Instructor: Xian Sun

Home Institution: Johns Hopkins University

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Class Hours: Monday through Thursday, 120 minutes each day

Office Hours: TBD

Discussion Session: 2 hours each week

Total Contact Hours: 66 contact hours (45 minutes each)

Credit: 4 units

Course Description:

This course covers central issues in financial management and corporate finance. Students will learn how financial managers make investment, financing and other decisions and the tools they use to reach such decisions. Topics covered include time value of money, risk, valuation, capital structure, capital budgeting, dividend policy and mean-variance portfolio selection. The course provides the analytical tools and the financial theories needed to implement sound financial decisions within a corporation (and outside of a corporation). Ideas are presented in a cohesive way within the framework of the no-arbitrage principle, the fundamental principle shaping all aspects of modern finance. Command of the subject is crucially important for anyone considering a career not only in investment banking, investment management or trading, but also in general management, corporate strategy, management consulting, entrepreneurship, and the non-profit world.

Course Goals:

- ✧ Price future certain (and uncertain) streams of income.
- ✧ Apply valuation methods effectively when making capital-budgeting decisions.
- ✧ Learn to value bonds.
- ✧ Recognize the financial and strategic implications of alternative corporate financing decisions in different environments.
- ✧ Learn to value stocks.
- ✧ Understand the relationship between risk and return and how this relationship impacts valuation methods and investment decisions

Required Textbook:

Corporate Finance

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

Publisher: Prentice Hall, Inc.

Grading Policy:

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

- ✧ **Attendance:** Class attendance is mandatory. Each student should read the assigned materials and give careful thought to background information prior to each class session.
- ✧ **Homework:** Homework assignments are individual work and will be given after each class and will be due right before the beginning of the next class.
- ✧ **Quizzes:** There will be **two** quizzes in total on the first day of the second and the fourth week about 30 minutes long and will be given at the end of the class. They will be closed-book. A one-sided (A4) cheat-sheet will be allowed. No make-up quiz will be given except for medical emergency related causes.
- ✧ **Mid-term exam:** It will be given on the **first day of the third week**. It will be closed-book. A two-sided (A4) cheat-sheet will be allowed.
- ✧ **Final exam:** Final will be comprehensive with a heavier weight on the second part of the course though. It will be given at **the last class**. It will be closed-book. A two-sided (A4) cheat-sheet will be allowed.

Grading Scale:

Assignment	Weight
Attendance	5%
Homework	25%
2 quizzes	20% (10% each)
Mid-term exam	20%
Final exam	30%

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

No electronics will be allowed to use during the lecture.

Attendance Policy:

Class attendance is mandatory.

Course Schedule:

WEEK ONE (July 2 to July 5):

Class number	Content	Chapter	Due
Class 1	The introduction of corporation and financial statement analysis	Chapter 1 &2	
Class 2	The law of one price	Chapter 3	HW 1
Class 3	Time value of money	Chapter 4	HW 2
Class 4	Interest rates	Chapter 5	HW 3

WEEK TWO (July 9 - July 12th):

Class number	Content	Chapter	Due
Class 5	Quiz 1 Valuing bonds	Chapter 6	HW 4
Class 6	Investment decisions rules	Chapter 7	HW 5
Class 7	Investment decision rules	Chapter 7	HW 6
Class 8	Review for Mid-term	Chapter 1-7	HW 7

WEEK THREE (July 16 - July 19):

Class number	Content	Chapter	Due
Class 9	Mid-term	Covers classes 1-8	
Class 10	Capital budgeting	Chapter 8	HW 8
Class 11	Valuing stocks	Chapter 9	HW 9
Class 12	Pricing risk	Chapter 10	HW 10

WEEK FOUR (July 23 – July 26):

Class number	Content	Chapter	Due
Class 13	Quiz 2 Optimal portfolio choice and CAPM	Chapter 11	HW 11
Class 14	Capital structure theory in a perfect world	Chapter 14	HW 12
Class 15	Capital structure theory in an imperfect world: debt and taxes	Chapter 15	HW 13
Class 16	Capital structure theory in an imperfect world: debt and financial distress	Chapter 16	HW 14

WEEK Five (July 30 – August 2):

Class number	Content	Chapter	Due
Class 17	More on Capital Budgeting: with leverage and imperfect world	Chapter 18	HW 15
Class 18	Review	Comprehensive	HW 16
Class 19	Review	Comprehensive	HW 17
Class 20	Final Exam	Comprehensive	

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.