Corporate Finance
Prof. Jong-Bom Chay, SKKU

SHORT COURSE DESCRIPTION
This course is designed to help students to study modern corporate finance and financial management from a practical and intuitive perspective. We will study basic financial principles and tools widely used in modern financial management. We will use some mini-cases to appreciate how the fundamental principles we learned in class can be applied to real-world decision making processes. Main topics to be discussed in class include: capital budgeting, portfolio theory, capital structure, valuation techniques, dividend policy, derivatives and hedging risk.

Instructor: Prof. Jong-Bom Chay, Ph.D., CFA
Class Time: Weekdays 1:00 p.m. - 3:45 p.m.
Classroom: TBA
Office Hours: TBA
Office Location: Room 33521 (5th Floor, Business School Building)
E-mail: jbcchay@skku.edu
Office tel.: (02) 760-0484

READING MATERIALS
1. Required Textbook:
2. Lecture notes will be available from i-campus and SKKU ISS website.
3. A scientific (or financial) calculator (capable of handling exponential and logarithmic functions).

COURSE REQUIREMENTS AND GRADING
This course’s final grade will be either a ‘pass’ or ‘fail’ based on the student academic achievement evaluated by grades on a scale of 100 points (grade of 60 or above is Pass). SKKU regulations require students to attend at least 80% of all classes. Students are expected to familiarize themselves with SKKU policies about plagiarism, academic dishonesty, etc.

You will be graded on the following:
(a) Exams: There will be three open-book exams.
(b) Class participation and homework: This will be evaluated based on your attendance, class discussion, volunteer presentation, and attempt at the assigned homework.

Assessment:
(a) Attendance and class participation: 20%
(b) Homework assignment submitted: 20%
(c) Exam 1: 20%
(d) Exam 2: 20%
(e) Exam 3: 20%
Assignments:
Problem sets will be handed out on a daily basis. They come from the end-of-the-chapter problems in our main textbook. Since the exam questions will be similar to these assignment problems, you will find your work for assignments a very rewarding experience.

Classroom Policies
I expect you to attend all classes and to participate actively in class discussion so that you get the most learning out of this course. Please make sure that you come to class on time unless there is some good reason for the delay.
We will all treat each other with respect and courtesy in this class. This is especially important since this is a business course and you are preparing to be future business leaders.

I expect you not to use cell-phones in class (unless you have a good reason and my prior permission to do so) or to distract the class with food or materials not related to the course.

I will make all class-related announcements in class. This includes class cancellations, changes in assignments, exam dates, changes in topics, policies, etc... It is your responsibility to find out what you missed if you miss a class.

General Policies
Attendance and active participation is expected by all students in every class. Students are expected to be present for the entire duration of each class.

Late assignments, if accepted, will be penalized. Students who are absent from an exam must request a make-up exam from the course instructor; a make-up will be given only if there is an appropriate, documented reason for absence from the exam.

Principle on Academic Integrity:
Plagiarism, cheating, and other incidents of academic dishonesty will result in an automatic failing grade for the course.

COURSE SCHEDULE

– WEEK I –

Tuesday (26 June)
1. An overview of corporate finance (Ch. 1)

Wednesday (27 June)
2. Financial statements, taxes, and cash flow (Ch. 2)

Thursday (28 June)
3. Working with financial statements (Ch. 3)
4. Time value of money (Ch. 5)

Friday (29 June)
5. Discounted cash flow valuation (Ch. 6)
– WEEK II –

Monday (2 July)
   Exam 1
   6. Interest rates and bond valuation 1 (Ch. 7)

Tuesday (3 July)
   7. Interest rates and bond valuation 2 (Ch. 7)

Wednesday (4 July)
   8. Stock valuation (Ch. 8)

Thursday (5 July)
   9. NPV and other investment criteria (Ch. 9)

– WEEK III –

Monday (9 July)
   Exam 2
   10. Making capital investment decisions 1 (Ch. 10)

Tuesday (10 July)
   11. Making capital investment decisions 2 (Ch. 10)
   12. Lessons from capital market history (Ch. 12)

Wednesday (11 July)
   13. Return, risk, and the security market line (Ch. 13)
   14. Cost of capital (Ch. 14)

Thursday (12 July)
   15. Financial leverage and capital structure policy (Ch. 16)
   16. Dividends and payout policy (Ch. 17)

– WEEK IV –

Monday (16 July)
   17. Enterprise risk management (Ch. 23)
   18. Options and corporate finance (Ch. 24)

Tuesday (17 July)
   19. Option valuation (Ch. 25)

Wednesday (18 July)
   Exam 3