



Sungkyunkwan University (SKKU) International Summer Semester (ISS) 2019

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: 33402 (Business School Hall)
Office Hours: Weekdays 3:45 p.m. – 5:00 p.m.
Office Location: Room 33521 (5th Floor, Business School Building)
E-mail: jbchay@skku.edu
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READING MATERIALS

1. Required Textbook:
Ross, Westerfield, and Jordan, Fundamentals of Corporate Finance (12th Ed., 2019), McGraw-Hill.
2. Lecture notes will be available from 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:

1. Exams: There will be three open-book exams.
2. Class participation and homework: This will be evaluated based on your attendance, class discussion, volunteer presentation, and attempt at the assigned homework.

Assessment:

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| (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.

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.

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 –Thursday (27 June)

1. An overview of corporate finance (Ch. 1)

Friday (28 June)

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

– WEEK II –Monday (1 July)

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

Tuesday (2 July)

5. Discounted cash flow valuation (Ch. 6)

Wednesday (3 July)**Exam 1**Thursday (4 July)

6. Interest rates and bond valuation (Ch. 7)

– WEEK III –Monday (8 July)

7. Stock valuation (Ch. 8)

Tuesday (9 July)

8. NPV and other investment criteria (Ch. 9)

Wednesday (10 July)

Exam 2

Thursday (11 July)

9. Making capital investment decisions 1 (Ch. 10)
10. Lessons from capital market history (Ch. 12)

– WEEK IV –

Monday (15 July)

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

Tuesday (16 July)

13. Financial leverage and capital structure policy (Ch. 16)
14. Dividends and payout policy (Ch. 17)

Wednesday (17 July)

15. Enterprise risk management (Ch. 23)
16. Options and corporate finance (Ch. 24)

Thursday (18 July)

Exam 3

Friday (19 July)

Review of the course