

Corporate Finance

Department: Fudan International Summer Session 2026

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| Course Code | GEIS10019 | | | | | | |
| Course Title | Corporate Finance | | | | | | |
| Credit | 2 | Experiment (including Computer) Credit | | Practice Credit | | Aesthetic Education Credit | |
| Credit Hours Per Week | 9 credit hours per week. 36+3 tutorial hours in total. (one credit hour is 45 minutes) | Education on The Hard- Working Spirit Credit Hours | | Language of Instruction | Engl ish | Honors Course | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Course Type | <input type="checkbox"/> Core General Education Course <input type="checkbox"/> Specific General Education Course <input type="checkbox"/> Basic Course in General Discipline <input checked="" type="checkbox"/> Others | | | 2+X Major : | | | |
| | | | | <input type="checkbox"/> Professional Core Course <input type="checkbox"/> Professional Advanced Course | | | |
| | | | | Non 2+X Major : | | | |
| | | | | <input checked="" type="checkbox"/> Professional Compulsory Course <input type="checkbox"/> Professional Elective Course | | | |
| Course Objectives | <ul style="list-style-type: none"> ● Understand the basic concepts in finance, including discount, present value, future value, net present value, perpetuities, annuities, and compound interest. ● Calculate project NPV, Payback Period and IRR based on the pro forma financial statements. ● Make typical investment decisions in firms with the NPV rule. ● Calculate WACC with proper estimation of cost of debt, cost of equity and the debt and equity ratio. | | | | | | |

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| | <ul style="list-style-type: none"> ● Understand common approaches of corporate financing, and the implicit costs in debt and equity financing as well as the factors that would affect a company's capital structure decision. |
| <p style="text-align: center;">Course Description</p> | <p>This is a preliminary course in finance major. The objective is to provide students with fundamental financial concepts and theories as well as the applications in making corporate financial decisions. It is also a precedent of many advanced courses in the finance track, including Financial Markets and Institutions, Investments, Futures and Options, and Multinational Business Finance.</p> <p>The teaching content is composed of four parts. Part I introduces basic concepts in finance such as financial assets, opportunity cost, PVs, FVs, and NPVs. Part II demonstrates how to make firm investment decisions based on the calculation of project PV and other criteria. Part III explains why the opportunity cost of capital (the required rate of return, or the discount rate) is determined in the security market, or, the CAPM. Part IV discusses financing decisions, mainly how to financing with debt and equity and decide the optimal capital structure. Short-term financial decisions, financial statements analysis and other advanced topics in corporate finance will NOT be covered.</p> |
| <p>Course Requirements: Prerequisite courses include Introductory Micro Economic/Managerial Economics and Introductory Accounting. Students are required to attend each class, complete the take-home assignments and take the examinations. Raising questions and discussions in the class are greatly encouraged.</p> | |
| <p>Teaching Methods: 75% lecturing, 15% class exercises, 10% class discussion</p> | |
| <p>Course Director's Academic Background:</p> | |
| <p>Instructor's Academic Background: Dr. ZHANG is currently an associate professor in the Department of Finance, School of Management, Fudan University. She got PhD in Management Science and Engineering in Fudan University, master's degree in Computer Science and Engineering at Southeast University, and bachelor's degree in Computer Science in East China Normal University. She worked as a visiting scholar in Columbia University (2008-2009) and MIT Sloan School of Management (2000).</p> | |

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Members of Teaching Team

| Name | Gender | Professional Title | Department | Responsibility |
|-------------|---------------|---------------------------|-------------------|-----------------------|
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Course Schedule:

Class 1 Introduction to Corporate Finance

1. Course Information
2. What is Corporate Finance
3. Financial Management Environment: Financial Assets and Financial Markets
4. Financial Decisions: Investment vs. Financing
5. Corporate Structure and Corporate Governance

READING: BMAE Chapter 1

Class 2 How to Calculate Present Values (1)

1. Discount, Future Value and Present Value
2. Net Present Values
3. Discount Rate and Opportunity Cost of Capital

READING: BMAE Chapter 2-1, 2-2

Class 3 How to Calculate Present Values (2)

1. PV Calculation Short Cuts
2. Amortization of Loans
3. Compound Interest and Simple Interest

READING: BMAE Chapter 2-3, 2-4

Class 4 NPV and other Investment Criteria

1. Class Quiz 1(20 minutes)
2. NPV, Payback, IRR and PI
3. Comparing the Criteria

READING: BMAE Chapter 5-1, 5-2, 5-3, 5-4

Class 5 Making Investment Decisions with NPV Rule(1)

1. Review of Financial Statements (B/S and I/S)
2. Four Rules in Estimating CFs
3. Cash Flow Analysis: Investment CF, Salvage CF, OCF and NWC

READING: BMAE Chapter 6-1, 6-2

Class 6 Making Investment Decisions with NPV Rule(2)

1. Choice between Long- and Short-Lived Equipment
 - a) Equivalent Annual Cost (EAC)
 - b) Equivalent Annual Cash Flow (EACF)
2. Sensitivity Analysis and Breakeven Analysis

READING: BMAE Chapter 6-3, BMAE Chapter 10-2

Class 7 Valuing Bonds

1. Class Quiz 2 (20 minutes)
2. Using PV Formulas to Value Bonds
3. YTM and Cost of Debt
4. How Bond Prices Vary With Interest Rates

READING: BMAE Chapter 3-1, 3-2, 3-6

Class 8 Valuing Stocks

1. DDM Model: Stock Prices and Dividends
2. Capitalization Rates and the Cost of Equity Capital
3. PVGO: Valuing Growth

READING: BMAE Chapter 4-1, 4-2, 4-3, 4-4, 4-5

Class 9 CAPM, Cost of Equity and WACC

1. Valuation with Comparable Multipliers (P/E, P/S, P/GMV)
2. CAPM and Cost of Equity
3. Weighted-Average Cost of Capital (WACC)

READING: BMAE Chapter 7-1, 7-5; 8-1, 8-2, 8-3

Class 10 How Firms Issue Securities

1. Class Quiz 3 (20 minutes)
2. Financing with Equity Capital: VC, IPO and Seasoned Offerings
3. Rights Offer and Value of a Right

READING: BMAE Chapter 14-1, 14-2, 14-3, 14-4

Class 11 Capital Structure Decisions

1. MM Theory in a Perfect Market
2. Benefits from Borrowing: Interest Tax-shield
3. Implicit Costs in Borrowing: Cost of Financial Distress
4. Games between Shareholders and Creditors

READING: BMAE Chapter 16-2, 16-3, 16-4, 17-1, 17-3

Class 12 (Final Exam (close-book, individual, with one cheating sheet))

The design of class discussion or exercise, practice, experience and so on:

I encourage students to attend my tutorial hours to discuss questions either on class material, problems on exams or related subject matter. This course is very comprehensive and requires a lot of exercise.

If you need a TA, please indicate the assignment of assistant: TA should sit in the classroom during classes, correct all assignments and the final exam answers, and answer questions from students.

Grading & Evaluation:

Class Attendance: 10%
4 take-home assignments: 20% (5% each, will be checked by the TA)
Class quizzes: 20% (choose best 2 out of 3, 10% each)
Final: 50% (Cumulative, closed-book with one cheating sheet)
Passing grade: 60, below 60 = fail
No make-up exam

Usage of Textbook: Yes (complete textbook information form below) No

Textbook Information (No more than two textbooks) :

| Title | Author | I S | Publishing Time | Publisher | Type I | Type II |
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| <i>Principles of Corporate Finance,</i> | Richard A. Brealey, Stewart C. Myers, Franklin Allen, Alex Edmans | | 2023,14th Edition | McGraw-Hill International Edition | <input type="checkbox"/> Self-compiled Textbook (Published) <input type="checkbox"/> Non-mainland Textbook <input checked="" type="checkbox"/> Other Textbook (Published) | <input type="checkbox"/> National Planning Textbook <input type="checkbox"/> Provincial and Ministerial Planning Textbook <input type="checkbox"/> School Level Planning Textbook <input type="checkbox"/> Others |
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| Teaching References: | | | | | | |