

Corporate Finance

Department: Fudan International Summer Session 2025

Course Code	MANA170009						
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 type="checkbox"/> Professional Compulsory Course <input type="checkbox"/> Professional Elective Course			
Course Objectives	After you finish the course, you are supposed to <ul style="list-style-type: none"> ● Understand the basic concepts in finance, such as discounting, present value, future value, annuities, net present value and compound interest. ● Calculate project NPV, Payback Period and IRR based on the <i>pro forma</i> financial statements. ● Make typical investment decision in firms with the NPV rule. ● Calculate WACC with proper estimation of cost of debt, cost of equity and the debt and equity ratio. 						

	<ul style="list-style-type: none"> ● Understand the implicit costs in debt and equity financing and the factors that would affect a company's capital structure decisions.
<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 her PhD in Management Science and Engineering in Fudan University, her master's degree in Computer Science and Engineering at Southeast University, and her bachelor's degree in Computer Science in East China Normal University. She has worked as a visiting scholar in Columbia University (2008-2009) and MIT Sloan School of Management (2000).</p> <p>Email: xrzhang@fudan.edu.cn</p>	

Members of Teaching Team				
Name	Gender	Professional Title	Department	Responsibility
Course Schedule:				
Class 1 Introduction to Corporate Finance				
<ol style="list-style-type: none"> 1. Course Information 2. What is Corporate Finance/Financial Management? 3. Financial Management Environment: Financial Assets and Financial Markets 4. Financial Decisions: Investment vs. Financing 				
READING: BMA Chapter 1, 14-4				
Class 2 How to Calculate Present Values (1)				
<ol style="list-style-type: none"> 1. Corporate Structure and Corporate Governance 2. Review of Financial Statements (B/S and I/S) 3. Discount and Present Value, Net Present Values 				
READING: BMA Chapter 2-1, 2-2				
Class 3 How to Calculate Present Values (2)				
<ol style="list-style-type: none"> 1. Discount rate and Opportunity Cost of Capital 2. PV Calculation Short Cuts 3. Compound Interest 				
READING: BMA Chapter 2-3, 2-4				
ASSIGNMENT 1: Chapter 2-13, 14, 15, 25(a)(b)(c), 28(a)(b), 31				
Class 4 NPV and Other Investment Criteria				
<ol style="list-style-type: none"> 1. Class Quiz 1 2. NPV, Payback, IRR, PI 3. Illustrative Case: Investment Criteria Do Not Solve All Your Problems 				
READING: BMA Chapter 5-1, 5-2, 5-3, 5-4				
Class 5 Making Investment Decisions with the NPV Rule				
<ol style="list-style-type: none"> 1. Four Rules in Estimating CFs 				

2. Cash Flow Analysis: Investment CF, Salvage CF, OCF and Δ NWC、
3. Choice between Long- and Short-Lived Equipment
4. Optimal Replacement

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

Class 6 Project Analysis

1. Sensitivity Analysis, Scenario Analysis, Breakeven Analysis
2. Problem Solving in Class

READING: BMA Chapter 6-3, 6-4, 10-1

ASSIGNMENT 2: Chapter 5-8, 10, 12, 15; Chapter 6-5, 15, 21, Chapter 10-10, 11, 12(a))(b)

Class 7 Valuing Bonds

1. Class Quiz 2
2. Using PV Formulas to Value Bonds
3. How Bond Prices Vary With Interest Rates

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

Class 8 Valuing Common Stocks

1. DDM Model: Stock Prices and Dividends
2. PVGO: Valuing Growth
3. Link between Stock Price and EPS
4. Valuation with Comparable Multipliers

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

Class 9 CAPM, WACC and Financial Leverage

1. CAPM and Cost of Equity
2. Calculation of WACC and After-tax WACC
3. WACC and Financial Leverage

READING: BMA Chapter 7-1, 7-5; 8-1, 8-2, 8-3; 9-1, 9-2

ASSIGNMENT 3: Chapter 3-4, 10, 17; Chapter 4-18, 20, 24; Chapter 7-20; Chapter 8-15; Chapter 9-

14

Class 10 How Firms Issue Securities

1. Class Quiz 3
2. External Financing vs. Internal Funds
3. Financing with Equity Capital: VC, IPO and Seasoned Offerings

READING: BMA Chapter-14-1, 14-3, 15-1, 15-2, 15-4

Class 11 Capital Structure Decision

1. MM Theory
2. Trade-off Theory: Benefit of Tax-shield vs. Cost of Financial Distress
3. Course Wrap-up and Problem Solving

READING: BMA Chapter 17-1, 17-2, 17-4, 18-1, 18-3

ASSIGNMENT 4: Chapter 15-14, 15; Chapter 17-11, 12; Chapter 18-12, 18

Class 12 Final Exam (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:

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	S B N	Publishi ng Time	Publisher	Type I	Type II
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					<input type="checkbox"/> Self-compiled Textbook (Published) <input type="checkbox"/> Non-mainland Textbook <input 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
					<input type="checkbox"/> Self-compiled Textbook (Published) <input type="checkbox"/> Non-mainland Textbook <input 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

Teaching References:

Richard A. Brealey, Stewart C. Myers, Franklin Allen, *Principles of Corporate Finance*, McGraw Hill, 12th Edition, McGraw-Hill International Edition, 2018 (BMA)