

THE UNIVERSITY OF HONG KONG
FACULTY OF BUSINESS AND ECONOMICS
School of Economics and Finance

FINA1003 C: Corporate Finance
Spring 2009

I. INFORMATION ON INSTRUCTOR AND TEACHING ASSISTANT

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Office Hours: Tuesday 5 ~ 6 pm
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II. COURSE INFORMATION

Course Descriptions

The purpose of this course is to develop a solid understanding of modern corporate finance and its application to corporations. The concepts and methods introduced here are heavily used in practice. These materials are very helpful not only to modern corporations but also to your personal investing.

Prerequisite

Students have to take the Introduction to Accounting (BUSI1002) before taking this course.

Required Materials

1. “*Corporate Finance Fundamentals*,” by Ross, Westerfield, Jordan (8th edition, 2008)
2. A financial calculator (Texas Instruments BA II Plus or Hewlett Packard 12C)
3. Lecture notes

Students need to purchase the textbook and one financial calculator. Students are required to bring the financial calculator while attending class. The solutions of selected end-of-chapter problems in the textbook will be provided via the course website.

Course Objectives

1. Build up a solid foundation for students to learn advanced finance courses.
2. Develop financial management techniques for career opportunities in finance.

Assessment

The weights of the various components in determining the final grade will be:

Assignments	16%
Mid-term Exam	35%
Final Exam	35%
<u>Term Project</u>	<u>14%</u>
Total	100%

Assignments

There are four assignments in this course. **Students must type all assignments and turn in on time.** Late or hand-written assignments are not allowed. Students can submit the assignment individually or by a group (maximum 4 students). **Whoever cheating in assignments (i.e., copy other students or let other students copy) will get zero point.**

Exams

Both exams are closed book exams. Students will need their financial calculators for both exams. Students are responsible for all materials covered in the class, including assignments and textbook problems. No make-up exam will be given except for medical or other emergency reasons supported by proper documentation.

Term project

Students should form a group (maximum 6 students) to do their term project. Students are free to choose the topic of their term project as long as it is related to corporate finance. Students are encouraged to discuss their term project topic with the instructor as early as possible. The deadline to submit the term project topic is **March 30**. Email TA the term paper topic and group members before the deadline. Students are required to prepare a report which contains the executive summary (one-page), major text (maximum 15 pages) and supporting exhibits, figures, etc. **The project is due on May 4.**

III. COURSE SCHEDULE

Week	Date	Chapters	Topic
1	Jan 13	1	Course overview, Introduction
	Jan 15	2 & 3	Cash flows, Du Pont analysis
2	Jan 20, 22	5	Time value of money
3			Chinese New Year Holiday
4	Feb 3, 5	6	Discounted cash flow valuation
5	Feb 10, 12	7	Bond valuation, assignment 1 due
6	Feb 17, 19	8	Stock valuation
7	Feb 24, 26	13	Risk and return, assignment 2 due
8			Reading week
9	Mar 10, 12	9	NPV & other investment Criteria
	Mar 13		Mid-term exam
10	Mar 17, 19	10	Making investment decisions
11	Mar 24, 26	11	Project Analysis, term paper topic due
12	Mar 31, Apr 2	15	Cost of capital, assignment 3 due
13	Apr 7, 9	15	Raising capital
14	Apr 14, 16	17	Capital structure policy, assignment 4 due
15	Apr 21, 23	18	Dividend policy
16	May 4		Term paper due

The above course schedule is extremely tentative, and subject to change. Any variations will be announced in the class and posted on the course web.