

ADVANCED CORPORATE FINANCE

Course code	
Course title	<i>Advanced Corporate Finance</i>
Type of course	
Level of course	<i>Advanced</i>
Department in charge	<i>Graduate school</i>
Year of study	
Semester	
Number of credits	<i>6 ECTS; 36 hours of class work, 124 hours of self-study, 2 hours of consultations (distant or direct form)</i>
Lecturer	<i>Bogdan Stacescu</i>
Course prerequisites	<i>Introductory corporate finance</i>
Form of studies	<i>Consecutive (evening)</i>
Teaching language	<i>English</i>

Aims of the course

The course builds on introductory corporate finance courses and provides a more in-depth treatment of several more advanced topics. The main topics covered are capital budgeting, financing policy, payout policy, and valuation. The aim is to provide students with a good understanding of investment choices, the cost of capital, risk management strategies and the effect of financing on the value of the firm.

Learning outcomes

On completion of this course successful students will be able to:

Course learning outcomes (CLO)	Study methods	Assessment methods
CLO1. Understand and be ready to use new tools and concepts needed for in-depth financial analysis.	Lectures, seminars, self study, group work	Homework, group work, assessment, final exam
CLO2. Acquire a more detailed knowledge of the costs of financing a firm.	Lectures, seminars, self study	Homework, group work, assessment, final exam
CLO3. Understand some of the tools that firms can use to manage their risks.	Lectures, seminars, self study, group work	Homework, group work, assessment, exam

Quality Assurance Measures

The lecturer will apply multiple teaching methods to keep the students engaged in the topic (examples, case studies, group assignments). Continuous student feedback will be encouraged and accommodated to continuously improve class experience.

Cheating Prevention

The course will apply zero tolerance policy towards plagiarism, following the rules of the University.

Course content:

		TOPIC	IN-CLASS HOURS
			Lectures
1	Monday 6 January	Overview of financial markets Capital budgeting	4
<u>Main readings:</u> Chapter 9 in HGT, Chapters 7,8 in BD			
2	Tuesday 7 January	Bond valuation Risk and return; stock valuation	4
<u>Main readings:</u> Chapters 6, 9-13 in BD, Chapters 2, 3, 5, 6 in HGT			

3	Wednesday 8 January	Capital structure	4
<u>Main readings:</u> Chapters 14 and 16 in HGT, Chapter 14 in BD			
4	Thursday 9 January	Capital structure (continued)	4
<u>Main readings:</u> Chapter 17 in HGT, Chapters 15, 16 in BD			
5	Friday 10 January	Payout policy: dividends and stock repurchases	4
<u>Main readings:</u> Chapter 15 in HGT, Chapter 17 in BD			
6	Monday 13 January	Valuation with leverage	4
<u>Main readings:</u> Chapters 18, 19 in BD			
7	Tuesday 14 January	Valuation with leverage; real options	4
<u>Main readings:</u> Chapters 20, 21, 22 in BD			
8	Thursday 16 January	Group presentations	4
9	Friday 17 January	Discussion and wrap-up	4
Total:			36

Assessment methods:

TASK TYPE	FINAL GRADE, %
Homework	20
Coursework	20
Final exam	60
Total:	100

Coursework (20%)

Students will work in small groups (2- 3 people) to prepare a presentation on a paper assigned in class. The presentations will take place on the 15th of January. Each group will have to read and understand the concepts presented in the prescribed paper. The presentation will present the main message of the paper, as well as a small example illustrating the practical use of the concepts presented in the paper. It has to be well structured and clear as you will have to answer questions on the topic from the lecturer and the other class participants. **The papers are assigned on a first-come first-served basis.** As you'll have to cover a significant amount of material you'll need to start working early.

Homework (20%)

Students will write up the solution of an assignment handed out in class. The assignment includes practical exercises on various corporate finance topics.

Final Exam (60%)

The final exam is open book. You'll have to write answers to a set of open-questions based on the material covered during lectures. Only print material (no digital or electronic equipment) is allowed during the exam.

Additional Notes:

In case of a negative final grade, students are allowed a re-sit exam. It will cover all course material. The weight of a re-sit is **60% of the final cumulative grade**. Coursework and homework cannot be rewritten but their evaluation is not annulled. Students have to adhere to deadlines, as **no extensions will be granted**.

Teaching methods

Lectures and exercise sessions, in-class student presentations and group assignments

Reading list:

1. *David Hillier, Mark Grinblatt, Sheridan Titman - "Financial Markets and Corporate Strategy", European Edition, McGraw-Hill, Chapters 1-17.*
2. *Jonathan Berk and Peter DeMarzo - "Corporate finance", Pearson/Addison-Wesley, 2007/2011/2013/2017, Chapters 1-19*

Additional textbooks that can be used for the course are and Ross, Westerfield and Jaffe - "Modern financial management", McGraw-Hill/Irwin, 2008; Brealey, Myers, Allen – "Principles of Corporate Finance".

Role of the subject in reaching learning outcomes of Financial Economics programme

Special learning outcomes	
S1. Demonstrate knowledge and understanding of contemporary theories, their criticism and applications in the research field of financial economics; apply the modern theory of finance and economics in practice;	CLO1, CLO3
S2. Integrate theoretical knowledge of financial economics to develop, apply and implement original research ideas in the fields of financial management, investment management, financial risk management and financial engineering	CLO1, CLO2, CLO3
S3. Analyse and critically evaluate the behaviour of national and international financial markets and institutions, investment environment of the company, financial engineering tools, the impact of fiscal and monetary policy to formation and management of organizations' financial flows;	CLO1, CLO2, CLO3
S4. Analyse and assess both micro- and macroeconomic environment of private and public organizations in financial-decision making;	CLO1, CLO2
S5. Evaluate, choose, and systemically apply advanced mathematical statistics methods and advanced econometric models and techniques in solving complex problems of corporate finance, the management of financial markets and financial economics;	
S6. Express independent opinion, formulate judgments and knowledge-based conclusions on relevant issues in financial economics, including international professional and academic literature	CLO3
S7. Conceptualize, research and write a state of the art review of a chosen area of financial economics and analyze empirical data on the phenomenon under investigation; be able to evaluate the appropriateness of the use of social science research methods, both qualitative and quantitative, including a number of different econometric tools, in a particular context.	CLO1, CLO2, CLO3
General learning outcomes	
G1. To apply modern information technologies in the data gathering, analysis and communication.	
G2. To apply a systematic, critical-analytical and constructive thinking in problem identification and solving.	CLO2, CLO3
G3. Have abilities to communicate in English the knowledge to specialist and non-specialist audiences clearly and unambiguously.	
G3. Develop a range of personal skills including argumentation, evaluation, problem identification and solving, interactive and group skills, self-appraisal, cross-cultural teamwork.	CLO2, CLO3
G4. To prepare research papers in English according to proper language, writing style and general bibliographic citation requirements.	CLO2, CLO3
G5. To develop independent learning skills necessary to continue studies on a higher level.	CLO2, CLO3