

Corporate Finance
MNGT 4621
(Core)

Andrew Hingston

Session 2, 2007

Class Dates: 4-7, 9-12 August 2007
Examination: 12 September 2007
Payment Due: 6 July 2007

Course aims / objectives:

This course introduces you to how corporations make financial decisions. There are two types of such decisions:

- How much, and in what specific assets, should the firm invest?
- How should the cash required for the investment be raised?

The answer to the first question is the investment or capital budgeting decision. The answer to the second is its financing decision. The course provides the basic frameworks used in dealing with these questions and their answers. Once these decisions have resulted in assets in place, the firm must consider if and how it may protect their values from fluctuations of economic prices, such as interest rates and exchange rates. We consider a number of methods of risk management, including the use of options.

Assessment:

Group assignment:	40%
Final examination (open book, three hours):	60%

Course details / modules:

The course will be taught in daytime and evening sessions over the period 4-12 August 2007 inclusive. Each session includes an introduction to the topic, then proceeds with activities such as discussion, exercises and case analyses.

Day 1: Saturday, 4 August 2007 (2.00pm – 8.00pm)

- Unit 1: Introduction
- Unit 2: Mathematics in Finance

Day 2: Sunday, 5 August 2007 (10.00am – 7.00pm)

- Unit 3: Valuation of Stocks and Bonds
- Unit 4: Investment Decisions and Capital Budgeting

Day 3: Monday, 6 August 2007 (7:00pm – 10:15pm)

- Unit 5: Diversification

Day 4: Tuesday, 7 August 2007 (7:00pm – 10:15pm)

- Unit 6: The CAPM and Investment Decisions

Day 5: Wednesday, 8 August 2007

- No classes

Day 6: Thursday, 9 August 2007 (7:00pm – 10:15pm)

- Unit 7: Hedging Using Forwards and Futures Contracts

Day 7: Friday, 10 August 2007**(7.00pm – 10:15pm)**

- Unit 8: Hedging with Options

Day 8: Saturday, 11 August 2007**(2.00pm – 8.00pm)**

- Unit 9: Capital Structure Part 1
- Unit 10: Capital Structure Part 2

Day 9: Sunday, 12 August 2007**(10.00am – 7.00pm)**

- Workshop: Group Assignment
- Unit 11: Investment Decision and Value-Based Management
- Unit 12: Review

Course materials and text/s:

A set of course notes will be provided.

Other references:

The course is taught as a general introduction to Finance, with broad coverage of the discipline. Students who do not intend to specialize in the area can take it as a stand-alone course. The course also provides the (prerequisite) “gateway” to the advanced Finance electives for students who wish to pursue careers as corporate finance managers, portfolio managers, bankers, investment bankers or consultants.

Instructor details:

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