

Corporate Finance

MNGT 4621

(Core)

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.

Topics include:

- Introduction – Basic Principles
- Present Value
- Applications of NPV
- Risk and Return
- Managing Risk
- Capital Structure
- Course Review

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.