



Corporate Finance

2017-2018

Fall Term

INSTRUCTORS

Responsible:
Clara Raposo

Lectures and Classes:
Victor Barros

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Office hours: Thursdays, 12:00-13:00, Faculty Room (Room 207-A, Francesinhas 1)

BIBLIOGRAPHY

REQUIRED

Title: *Fundamentals of Corporate Finance - Global Edition (BDH)*

Authors: Berk, DeMarzo e Harford

Editor: Pearson – Prentice Hall

Edition: 3rd

Year: 2015

Alternative Bibliography:

Title: *Fundamentals of Corporate Finance - Global Edition (BDH)*

Authors: Berk, DeMarzo e Harford

Editor: Pearson – Prentice Hall

Edition: 2nd

Title: *Corporate Finance (BD)*

Authors: Berk e DeMarzo

Editor: Pearson – Prentice Hall

Edition: 3rd

Alternative Bibliography in Portuguese:

Title: *Análise e Relato Financeiro*

Author: João Carvalho das Neves

Editor: Texto Editores

Edition: 2012

LEARNING / TEACHING METHOD

All the **materials** concerning this course will be available on *Aquila*, throughout the term: syllabus, lectures' notes, Problem Sets and solutions, cheat sheets to be used on midterm and final.

This undergraduate course will be structured in **Lectures** (mostly theory) and **Practicing Classes**.

Each Week will resume with a **Lecture** (2 sessions of 1 hour) where students are exposed to new concepts supported by quantitative examples. Following up with a **Practical Class** (1 session of 2 hours) where students solve the exercises handed on Problem Sets regarding the topics covered in lectures.

Both Lectures and Practical Classes are learning sessions and will be important for class participation and continuous evaluation.

A student that wants to succeed should: (1) make sure that she has access to the required book (or at least to one of those recommended), (2) Download ahead all the lectures notes as well as the problem sets, (3) be in class for all lectures, (4) read the book chapters regarding the topics covered in all sessions, (5) download the problem sets and try to solve them ahead of class, (6) participate in all practical classes, by solving the exercises, (7) review regularly the topics covered by the end of each chapter, (8) take advantage of office hours whenever she requires additional help understanding the topics.

GRADING

There are 2 choices in terms of grading:

(1) Continuous Evaluation Regime

In this regime, students are graded based on:

- a) Class Participation and Assignments solved during the term (30%, of which 15% will be individual assignments and 15% from group assignment);
- b) Midterm covering the first part of the course, taking place on November 10th, 2017 at 10:00 hours (30%);
- c) Final Exam (Normal call) covering the second part of the course, and taking place on January 17th, 2018 at 12:00 hours (40%).

Notes:

1. During the term, students will have to write answers to pop-quizzes, either during lectures or practical classes, to access part a) of grading.
2. The Continuous Evaluation Regime applies only to students that achieve a minimum grade of 7.5 (out of 20) in both the Midterm and the Final Exam.

(2) Final Exam (Second Call)

In this regime, students are required to answer a final exam covering all the topics, taking place on February 2nd, 2018 at 09:00 hours, according to the academic Schedule.

SYLLABUS

1. Introduction
 - 1.1. Presentation of the course: including syllabus, bibliography, structure, and grading.
 - 1.2. Corporate Finance and the Financial Manager
Readings: BDH Chapter 1 (or BD Chapter 1)
2. Reviews of Fundamental Concepts
 - 2.1. Time Value of Money, Compounding and Discounting
 - 2.2. Interest Rates
Readings: BDH Chapters 3,4,5 (or BD Chapters 3,4,5)
3. Introduction to Financial Statement Analysis
Readings: BDH Chapter 2 (or BD Chapter 2)
4. Evaluating Firm's Financial Sources
 - 4.1. Bonds
Readings: BDH Chapter 6 (or BD Chapter 6)
 - 4.2. Stocks
Readings: BDH Chapter 7 (or BD Chapter 9)
5. Capital Budgeting
 - 5.1. Investment Decision Rules
Readings: BDH Chapter 8 (or BD Chapter 7)
 - 5.2. Fundamentals of Capital Budgeting
Readings: BDH Chapter 9 (or BD Chapter 8)
 - 5.3. Implications for Stock Valuation
Readings: BDH Chapter 10 (or BD Chapter 9)
6. Risk and Return
 - 6.1. Operating and Financial Risk
 - 6.2. Risk and Return in Capital Markets
Readings: BDH Chapter 11 (or BD Chapter 10)
 - 6.3. Systematic Risk and The Equity Risk Premium
Readings: BDH Chapter 12 (or BD Chapter 11)
 - 6.4. The Cost of Capital
Readings: BDH Chapter 13 (or BD Chapter 12)
7. Financial Planning and Forecasting
 - 7.1. Financial Modelling and Pro Forma Analysis
Readings: BDH Chapter 18
 - 7.2. Working Capital Management
Readings: BDH Chapter 19 (or BD Chapter 26)
 - 7.3. Short-Term Financial Planning
Readings: BDH Chapter 20 (or BD Chapter 27)