The course provides an introduction to the theory and practice of Corporate Finance. Topics to be covered in this module include: capital budgeting theory and practices; payout policy and capital structure, financial planning and working capital management; mergers, corporate control and governance.

**Pre-requisite:** ECA5333 or equivalent

**Main Textbook:**


**Supplementary Textbook:**


**Topics:**

1. **Introduction**
   
   Overview of corporate financial management; Discounted Cash Flow Valuation.
   
   Text, Ch 1-2; RWJ, Ch 1

2. **Financial Statements Analysis**
   
   Text, Ch 28; RWJ, Ch 2-3

3. **Securities: Valuation and Return**
   
   Interest rates and bond valuation; Stock valuation
   
   Text, Ch 3-4; RWJ, Ch 8-9

4. **Capital Budgeting**

   Net Present Value and Other Investment Rules; Capital Investment Decisions.
5. Risk and the Cost of Capital
   Risk and Expected Return, Cost of Capital
   Text, Ch 7-9; RWJ, Ch 11-13

6. Capital Structure: Debt Policy
   Basic Theory of Capital Structure - The Modigliani-Miller Propositions; The Use of Debt and Implications for valuation and capital budgeting
   Text, Ch 17-19; RWJ, Ch 16-18

7. Capital Structure: Payout Policy
   The Dividend Controversy; Managing Capital Structure; Stock Repurchase
   Text, Ch 16; RWJ, Ch 19

8. Debt Financing
   Long-Term Debt, Leasing and Other Asset-based Financing
   Text, Ch 23 – 25; RWJ, Ch 21

9. Short-Term Finance
   Cash and Working Capital Management; Credit Management; Financial Planning
   Text, Ch 29 – 30; RWJ, Ch 26-27

10. Risk Management
    Valuation of Options, Warrants and Convertibles; Hedging with Forwards and Futures, and Swaps
    Text, Ch 20 – 22; 26-27; RWJ, Ch 24-25

11. Corporate Control and Governance
    Mergers and Corporate Restructuring
    Text, Ch 31 – 33; RWJ, Ch 29-30

Mode of Learning:
Lectures
Class Discussions
Tutorial Exercises

**Assessment:**
- Tutorial Participation: 10%
- Quizzes/Assignments: 10%
- Mid-Term Exam (open-book): 30%
- Final Exam (closed-book): 50%