Corporate Finance - Syllabus

Course Number: 098772  
Number of credit points: 2  
Mini-Semester: 5 of the Academic Year 2020-2021  
Time: Fridays, 09:00-13:00.

Course Instructor: Dr. Mahmud Qadan - C.P.A  
E-mail: Qmahmood@technion.ac.il  
Telephone: 04-8249584  
Meeting time for students: Friday 08:00-09:00 (or by appointment)

Teaching Assistant:  
E-mail:  
Meeting times for students: by appointment.

Course Objectives:  
The main objective of this course is to introduce students to the essentials of corporate finance. The topics covered in the course mainly include:

- Valuation: Developing and understanding of the tools used to value real investment projects.
- Financing: understanding basic concepts involved in how firms should raise funds for real investments.
- Interaction between valuation and financing: assessing how financing decisions affect firm value.

Course Content & Scope: Outlined in the “course plan” below.  
Teaching Methods: Part time will be devoted to exercises.  
Teaching Materials: Available on Moodle!

Readings (Compulsory / Recommended):  

Student Assessment:  
- Problem-sets: 20%. The problem sets are intended to help each understand the course material and prepare you for the exam. There will be 6-7 problem-sets to submit individually. Skipping one problem-set is
allowed, though not encouraged. Assignments will be posted at the course website and should be submitted only by Moodle. Late homework will not be accepted.

- Final Exam: 80%.

**Course Plan**

**Lesson 1.**
Introduction to corporate finance, Basic principles: Present value, future value, effective interest rates, Loan Types. (RWJ-1, 2, 4)

**Lesson 2.**
Net Present Value, Internal Return Ratio, Mutually exclusive Projects, Mutually exclusive Projects with different lives, Alternative investment rules. (RWJ-4, 6)

**Lesson 3.**
Cash flow analysis: sunk costs and opportunity costs, incidental effects, cash flows versus profits, investments and depreciation, working capital. (RWJ-7)

**Lesson 4.**
How to evaluate bonds? (RWJ-5)

**Lesson 5.**
Valuating stocks, divided discount model, Net present value of growth opportunities. (RWJ-5)

**Lesson 6.**
Capital structure: Modigliani and Miller with and without corporate taxes, financial distress, the tradeoff theory and optimal capital structure. (RWJ-15, 16)

**Lesson 7.**
Valuation and Capital Budgeting for the levered firm, WACC, APV, Merger and Acquisitions. (RWJ-10, 17, 30)

**Exam:** Sep. 03, 2021.