



Technion - Israel Institute of Technology
The William M. Davidson Faculty of Industrial Engineering and Management

MBA- Focusing on the Management of Technology-Based Firms

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 in the "course plan" below.

Teaching Methods: Part time will be devoted to exercises.

Teaching Materials: Available on Moodle!

Readings (Compulsory / Recommended):

Ross, S. Westfield, R., and Jaffe, J. (2018). Corporate Finance. 12th edition, Irwin McGraw-Hill.

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



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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.