

**City University of Hong Kong**

**Information on a Course  
offered by the Department of Economics and Finance  
with effect from Summer Term 2014**

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**Part I**

**Course Title:** Corporate Finance

**Course Code:** EF5042

**Course Duration:** 13 weeks, one semester

**Credit Units:** 3

**Level:** P5

**Medium of Instruction:** English

**Prerequisites:** Nil

**Precursors:** Nil

**Equivalent Courses:** Nil

**Exclusive Courses:** FB5040 Corporate Finance

**Part II**

**Course Aims**

This course aims at providing students the knowledge and skills required to make corporate financial decisions like cashflow management and investment and financing decisions. The course also aims to enable students to apply financial principles and theories to understanding issues of importance to corporate managers and solving problems in real corporate settings.

## Course Intended Learning Outcomes (CILOs)

*Upon successful completion of this course, students should be able to:*

No.	CILOs	Weighting (if applicable)
CILO 1	Choose and apply appropriate models to asset valuation, project valuation, and real investment opportunities in a wide range of situations.	30%
CILO 2	Choose the appropriate short-term and long-term financing methods in a wide range of situations.	30%
CILO 3	Use financial statement analysis to evaluate the financial position of corporations and the tools to improve their financial position	20%
CILO 4	Analyze the current issues and trends in the financing methods of corporations in major industrial countries as well as in Hong Kong and other Asia-Pacific countries using real-world examples.	20%

## Teaching and Learning Activities (TLAs)

*(Indicative of likely activities and tasks designed to facilitate students' achievement of the CILOs. Final details will be provided to students in their first week of attendance in this course.)*

CILO No.	TLAs	Hours/week (if applicable)
CILO 1,2,3,4	Seminars and in-class discussions  Students are encouraged to think critically and logically in responding to questions and discussing issues of real-world examples.	3-hour seminar per week
CILO 1,2,3	Problem sets  Students are required to understand financial concepts and academic theories thoroughly and apply them to find solutions.	Some in-class but mostly out-of-class assignments
CILO 1,2,3	Case assignments/project  Students work on case assignments/project as a group or independently. Students are required to understand critical issues in the case/project and conduct an independent analysis to develop their own solutions.	In-class and out-of-class preparation and participation

### Assessment Tasks/Activities

(Indicative of likely activities and tasks designed to assess how well the students achieve the CILOs. Final details will be provided to students in their first week of attendance in this course.)

CILO No.	Type of assessment tasks/activities	Weighting (if applicable)	Remarks
CILO 1,2,3,4	Final examination (2-hour exam)	50%	
CILO 1,2,3	Coursework such as case assignments, problem sets, etc.	50%	

*Students are required to pass both coursework and examination components in order to pass the course.*

### Summary of how DEC is incorporated in Assessment Tasks, and Teaching and Learning Activities (TLAs)

DEC Elements	Assessment Tasks and TLAs
Develop students' attitude to discover and innovate	Seminars and in-class discussions
Develop students' attitude and abilities to discover and innovate	Case assignments/project
Accomplishments in Discovery and Innovation	Final Exam and problem sets

### Grading of Student Achievement

Letter Grade	Grade Point	Grade Definitions	Remarks
A+	4.3	Excellent	Strong evidence of original and creative thinking; good organization; capacity to analyse and synthesize; superior grasp of subject matter; strong evidence of extensive knowledge base and ability to discover and innovate; evidence of outstanding accomplishments in discovery.
A	4.0		
A-	3.7		
B+	3.3	Good	Evidence of grasp of subject; some evidence of critical and creative thinking and analytical ability; reasonable understanding of issues; evidence of familiarity with literature; evidence of overall ability to discover and innovate; evidence of good accomplishments in discovery.
B	3.0		
B-	2.7		
C+	2.3	Adequate	Student who is profiting from the university experience; understanding of the subject; ability to develop solutions to simple problems in the material; some evidence of ability to discover and innovate, satisfactory evidence of accomplishments in discovery.
C	2.0		
C-	1.7		

D	1.0	Marginal	Sufficient familiarity with the subject matter to enable the student to progress without repeating the course; marginal evidence of ability to discover and innovate; marginal evidence of accomplishments of discovery.
F	0.0	Failure	Little evidence of familiarity with the subject matter; weakness in critical and analytic skills; limited or irrelevant use of literature; little evidence of ability to discover and innovate; little evidence of accomplishments of discovery.

### **Part III**

#### **Keyword Syllabus**

Agency cost

Capital budgeting

Cost of capital

Capital structure decisions

Financial leverage and financial risk

Net present value for levered firms

Dividend policies

Initial public offering

#### **Recommended Readings**

##### **Textbook**

The instructor may adopt one of the following as a main textbook:

S. A. Ross, R. W. Westerfield, and J. Jaffe, *Corporate Finance, Current International Edition*, McGraw-Hill.

R. A. Brealey, S. C. Meyers, and F. Allen, *Principles of Corporate Finance, Current International Edition*, McGraw-Hill.

J. Berk and P. DeMarzo, *Corporate Finance, Current International Edition*, Pearson.

## **Cases and Journal Articles**

Cases from Harvard Business School ([www.hbsp.harvard.edu](http://www.hbsp.harvard.edu))

Lecture notes, newspaper clippings, and academic articles