

**City University of Hong Kong
Course Syllabus**

**offered by Department of Economics and Finance
with effect from Semester B 2016 /17**

Part I Course Overview

Course Title: Corporate Finance

Course Code: FB5040

Course Duration: 1 semester (About 4 weeks, intensive mode)

Credit Units: 2

Level: P5

Medium of Instruction: English

Medium of Assessment: English

Prerequisites:
(Course Code and Title) Nil

Precursors:
(Course Code and Title) Nil

Equivalent Courses:
(Course Code and Title) EF5040 Financial Management

Exclusive Courses:
(Course Code and Title) EF5042 Corporate Finance

Part II Course Details

1. Abstract

This course aims to enable students to understand both the theory and practice of capital budgeting and corporate financing and to apply the knowledge to make financial decisions. By solving real life problems in the areas such as capital budgeting, capital structure and dividend policy, students will develop their ability to discover and innovate in the business and financial decision making.

2. Course Intended Learning Outcomes (CILOs)

(CILOs state what the student is expected to be able to do at the end of the course according to a given standard of performance.)

No.	CILOs	Weighting (if applicable)	Discovery-enriched curriculum related learning outcomes (please tick where appropriate)		
			A1	A2	A3
1.	Use the concept of time value of money and discounted cash flow analysis for loan, bond and stock analysis.	20%	√	√	√
2.	Apply net present value and internal rate of return techniques to evaluate investment projects aiming at maximizing shareholder's wealth.	30%	√	√	√
3.	Estimate the cost of capital using the pricing of equities and bonds models.	20%	√	√	√
4.	Plan and implement corporate restructuring. Use innovative approach to evaluate corporate capital structure and dividend policy for the shareholder value maximization.	30%	√	√	√
		100%			

A1: Attitude

Develop an attitude of discovery/innovation/creativity, as demonstrated by students possessing a strong sense of curiosity, asking questions actively, challenging assumptions or engaging in inquiry together with teachers.

A2: Ability

Develop the ability/skill needed to discover/innovate/create, as demonstrated by students possessing critical thinking skills to assess ideas, acquiring research skills, synthesizing knowledge across disciplines or applying academic knowledge to self-life problems.

A3: Accomplishments

Demonstrate accomplishment of discovery/innovation/creativity through producing /constructing creative works/new artefacts, effective solutions to real-life problems or new processes.

3. Teaching and Learning Activities (TLAs)

(TLAs designed to facilitate students' achievement of the CILOs.)

TLA	Brief Description	CILO No.				Hours/week (if applicable)
		1	2	3	4	
Lectures	-	√	√	√	√	-
In class discussions	-	√	√	√	√	-
Take-home assignment	Take-home assignment of real cases either in Hong Kong or in other economies aiming to enhance the capacity to apply various financial analytical tools in the financial decisions.	√	√	√	√	-
Individual or group projects or assignments	Students are encouraged to think creatively to evaluate investment projects; critical thinking development through individual or group projects or assignments.	√	√	√	√	-

4. Assessment Tasks/Activities (ATs)

(ATs are designed to assess how well the students achieve the CILOs.)

Assessment Tasks/Activities	CILO No.				Weighting	Remarks
	1	2	3	4		
Continuous Assessment: <u>100%</u>						
Coursework Such as, participation, homework, group project, presentation or in-class examination (about 2-3 hours)	√	√	√	√	100%	
Examination: <u>0%</u> (duration: _____, if applicable)						
-					0%	
					100%	

5. Assessment Rubrics

(Grading of student achievements is based on student performance in assessment tasks/activities with the following rubrics.)

Assessment Task	Criterion	Excellent (A+, A, A-)	Good (B+, B, B-)	Adequate (C+, C, C-)	Marginal (D)	Failure (F)
Coursework Such as, participation, homework, group project, presentation or in-class examination (about 2-3 hours)		Strong evidence of original thinking; good organization, capacity to analyse and synthesize; superior grasp of subject matter; evidence of extensive knowledge base.	Evidence of grasp of subject, some evidence of critical capacity and analytic ability; reasonable understanding of issues; evidence of familiarity with literature.	Student who is profiting from the university experience; understanding of the subject; ability to develop solutions to simple problems in the material.	Sufficient familiarity with the subject matter to enable the student to progress without repeating the course.	Little evidence of familiarity with the subject matter; weakness in critical and analytic skills; limited, or irrelevant use of literature.

Part III Other Information (more details can be provided separately in the teaching plan)

1. Keyword Syllabus

Time value of money

Cash flow analysis

Capital budgeting

Net present value and internal rate of return

Cost of capital

Modern portfolio theory

Asset pricing model

Financial leverage and financial risk

Dividend policies

Initial public offering

Corporate restructuring

2. Reading List

2.1 Compulsory Readings

(Compulsory readings can include books, book chapters, or journal/magazine articles. There are also collections of e-books, e-journals available from the CityU Library.)

1.	Brealey, Richard, Stewart Myers, and Franklin Allen, Principles of Corporate Finance, McGraw-Hill (current edition)
----	---

2.2 Additional Readings

(Additional references for students to learn to expand their knowledge about the subject.)