

Syllabus: Corporate Finance
SAMPLE ONLY: SUBJECT TO CHANGE
SPRING 2016
FINC-UB.0007 SESSION 1 SECTION 2
FINC-GB.2302 SESSION S SECTION 31

Instructor:

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Office hours: TBD

Additional office hours as needed will be announced in class.

Class Time and Location:

FINC-UB.0007:

FINC-GB.2302:

Course Description

This course is an introduction to corporate finance. The principal objective is to give you an understanding of the tools used to value companies and investment projects (valuation). We will also have an introductory discussion about how firms should raise funds for their real investments (capital structure). We will emphasize the practical application of the concepts we discuss.

Course Web Page

We will use NYU Classes: <http://newclasses.nyu.edu>

All information relevant to the course will be put up here: presentations, problem sets and solutions. Please check it regularly. Video recordings of each lecture will also be posted. Should you miss a lecture, please be sure to watch the recording.

Prerequisites

You are required to have taken Foundations of Financial Markets. Therefore, you are expected to be comfortable with the following topics: the time value of money, discounted cash flow analysis, the trade-off between risk and return, diversification, the valuation of bonds and stocks, and the Capital Asset Pricing Model (CAPM).

Course Materials

Lecture Notes: The principal class material is the lecture notes. Each class I will distribute copies of the slides for that day. These handouts will contain gaps which we will fill in as we go along. I may also distribute additional handouts as needed. All such material will be available on the website.

Case Studies (required): You need to buy the case studies from the bookstore. The course package includes four Harvard Business School case studies: Arundel Partners, Super Project, UST, and Kennecott.

Super Project and UST are group projects. I will post questions on the cases. You may work in groups of up to 3 students, although you may work alone if you prefer.

Each group must hand in a solution in class which will be graded on a pass/fail basis.

Due dates for the projects will be announced in class.

Arundel Partners and Kennecott will not be graded and you do not need to hand in anything. Nevertheless, I expect that you will have read these cases carefully before they are discussed in class.

Textbook (recommended): You are not required to buy a textbook, but I strongly recommend that you do so. The textbook is:

Brealey, R. A., S. C. Myers, and F. Allen, *Principles of Corporate Finance*, McGraw-Hill.

The lectures are based on this book. The relevant chapters will be indicated in the course schedule. *You will be examined only on material contained in the lecture notes, the homeworks, and the case discussions.* I recommend you buy the textbook because going over the material explained from a different perspective will help solidify your understanding.

Calculator (required): Any calculator with which you can compute logarithms and powers (like x^y) will be sufficient for this class. A financial calculator will give you a small advantage, but it is not necessary. I do not assume that you have a financial calculator.

Grading

Component weights:

Midterm	45%
Final	45%
Homework	10%

You need a pass in both group projects (Super Project and UST). Each time you fail a group project I will deduct 5 points from your final score. (The maximum final score is 100.)

Homework: Homework will be graded on an efforts-only basis: if you can convince me that you have made an honest effort, you will get full credit. It is important that you do the homework because the exams will be very like the problems in the

homework. You can collaborate on the homework if you like, but every student must write up and turn in their own work. You are *not* to print out two copies of the same document and put different names on them. You are encouraged to ask me questions about the homework in office hours if you happen to get stuck on something, even before the homework is due.

Exams: Both exams are open notes but not open book: you may use your lecture notes, cases, problem sets, and personal notes, as well as a calculator, but no other material. In particular, you cannot bring any books. The final will not be cumulative.

Curve: The Stern Finance department provides an approximate grade distribution which I will follow.

A list of topics covered is below. I will identify links to the material in the textbook.

Schedule

Item	Topic
1	Time value of money
2	Rules for making investment decisions
3	Real options
4	Cash flows
6	The cost of capital
7	Capital structure
8	Interaction between investment and financing decisions