

3LMGOX61 - Corporate Finance

Professor: Kaouther JOUABER (course coordinator); Sabrina BUTI

Contact information:

sabrina.but@dauphine.psl.eu

Department: LSO

Semester: 1

Course level: Undergraduate (L3)

Domain: Business (Finance)

Teaching language: English

Number of in-class hours: 36 hrs. (3hrs. sessions) + 18 hrs.

tutorials (1.5hrs. sessions)

Number of course sessions: 12 + Exam

ECTS: 6

Course description and objectives

The course is aimed at undergraduate students with no former background in finance and provides a general introduction to the basic techniques of financial decisions. Lectures and case-based tutorials cover a wide range of topics including financial analysis, working capital management, time value of money, capital budgeting principles, firm capital structure, the working of financial markets and the financial crisis, option contracts, and risk management.

This is an introductory course of finance. The course provides a framework for analyzing the major types of investment and financial decisions made by corporations. In the first part, the course provides an introduction to the financial tools necessary to analyze a company: income and balance sheet analysis, present value techniques, pricing of stocks and bonds, and portfolio theory. In the second part, the course offers an analysis of the most important aspects of firm management: the evaluation of investment projects, cost of capital, corporate value creation and firm capital structure. In the last part, the course aims at providing a broad overview of financial markets and of the operations that firms can perform on those markets (i.e., Initial Public Offerings, Secondary Public Offerings, Mergers and Acquisitions), including some basic principles of risk management with derivative securities.

Prerequisites

A general knowledge of basic accounting is recommended but not compulsory.

Learning outcomes

By the end of the course, students should be able to interpret financially the firm's income statement and balance sheet; perform a cash flow statement analysis, and an analysis of the working capital requirements of the company; determine the value of an asset (bond, stock, etc.); assess the risk and return of assets; estimate a company's cost of capital; evaluate investment projects; determine whether a company is creating or destroying value; select a company's optimal mix of debt and equity financing; understand the working of financial markets; determine the trading price in auctions and limit order books; use option contracts to either speculate or hedge against a risk.

Assignments and grading

The final grade is determined as follows:

Work	%
Midterm Exam	40%
Final Exam	50%
Tutorial (presence, participation, presentations)	10%
Total	100%

One case study will be covered in each tutorial session, for a total of 12 case studies. Students are required to prepare every case study before the corresponding tutorial session and to present their work on at least one case study. These presentations can be made in groups of up to 3 students (provided that each of the 12 case studies are assigned to at least one student), and together with class participation will determine the final tutorial grade.

The numerical grade distribution will dictate the final grade. The passing grade for a course is 10/20.

Class participation: Active class participation – this is what makes classes lively and instructive. Come on time and prepared. Class participation is based on quality of comments, not quantity.

Exam policy: In the exam, students will not be allowed to bring any document (except if allowed by the lecturer). Unexcused absences from exams or failure to submit cases will result in zero grades in the calculation of numerical averages. Exams are collected at the end of examination periods.

Course structure

Session	Topic
	Part I: Financial Analysis
1	Income and Margin Analysis
2	Working Capital, Capital Expenditures and Financing Analysis
3	Return on Equity and Operating Assets
4	Cash Flow Statement Analysis
	Part II: Value, Investment Decision Rules and Cost of Capital
5	Time Value of Money and Discounted Cash Flow (DCF) Models
6	Value, Investment Decision Rules and Value Creation
7	Risk and Return
8	Cost of Capital and Financial Structure
	Part III: Financial Markets and Financial Risks
9	Financial Markets (part 1)
10	Financial Markets (part 2)
11	Introduction to Options
12	Introduction to Financial Risk Management
13	Final Exam

Bibliography

Lecture notes are the main course material. In addition, these optional textbooks are recommended for this course:

- Jouaber K. and M-J. Rigobert: *TD en finance d'entreprise*, 3rd edition, 2016, Dunod. (Only available in French)
- Vernimmen P., P. Quiry, Y. Le Fur, A. Salvi and M. Dallochio: *Corporate Finance Theory and Practice*, Wiley.
- Brealey R. A. and S. C. Myers, *Principles of Corporate Finance*, McGraw-Hill.

Case studies will be made available to students prior to each tutorial session. Students are required to bring these documents - either in a numeric or printed version - to the corresponding tutorial session

MyCourse

This course is on MyCourse: **Yes**

Academic integrity

Be aware of the rules in Université Paris Dauphine about plagiarism and cheating during exams. All work turned in for this course must be your own work, or that of your own group. Working as part of a group implies that you are an active participant and fully contributed to the output produced by that group.

Academic calendar

Dates (Monday/Sunday)		L3 Gestion
02/09/19	09/08/19	
09/09/19	15/09/19	1
16/09/19	22/09/19	2
23/09/19	29/09/19	3
30/09/19	06/10/19	4
07/10/19	13/10/19	5
14/10/19	20/10/19	6
21/10/19	27/10/19	7
28/10/19	03/11/19	8
04/11/19	10/11/19	9
11/11/19	17/11/19	10
18/11/19	24/11/19	11
25/11/19	01/12/19	12
02/12/19	08/12/19	Review w.
09/12/19	15/12/19	Exams
16/12/19	22/12/19	
23/12/19	29/12/19	Holidays