

## 5M233Z06 - International Corporate Finance (for non-specialists)

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**Contact information:**

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**Department:** MSO

**Program:** Master M&O International Business

**Semester:** 1

**Course level:** Graduate (M2)

**Domain:** Business

**Teaching language:** English

**Number of in-class hours:** 18

**Number of course sessions:** 6

**ECTS:** 3

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### Course description and objectives

This course presents fundamental corporate finance concepts and applies them to real company situations. You will learn financial tools firms use to determine their financial needs and to decide on their investment and financial policies. Beyond theories and formulas, you will learn to apply your judgement and common sense in making corporate finance decisions.

### Prerequisites

Registration in **2nd year Master classes** is restricted to graduate students and subject to the approval of the academic advisor for international students and MSO departments.

Business Background.

### Assignments and grading

- The course assessment includes Final written examination 80% and group work 20%.

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

Teaching methods include lectures, complementary readings, case studies, and exercises. You will be working individually and in groups. The course structure for each session is as follows:

Session	Topic	Skills	Assignments	Supplementary readings
1	Financial Statements: intro	Know main financial statements, their content and interrelations	Lecture examples	Berk, DeMarzo Ch 1 A Primer on Financial Statements by A. Damodaran
2	Time Value of Money	Use discounting and compounding to compute present and future value of cash flows	Lecture examples	A Primer on the Time Value of Money by A. Damodaran
3	Working capital	Understand that companies need WC for their daily operations. Know how to assess the efficiency of the WC management and understand its implication for the company's value	Analysis of WC of a company using financial statements  Industry and company comparative analysis (group work assignment)	Berk, DeMarzo Ch 26
4	Financial Statement Analysis	Able to assess the main aspects of firm's activity: operating performance investment policy economic and financial profitability short-term and long-term liquidity and solvency	Ongoing Case	Berk, DeMarzo Ch 2
5	Valuation	Know how to value a firm using valuation multiples Know how to use major valuation techniques, e.g., Discounted Cash Flows (DCF) analysis Understand the IPO process and valuation in this context	Company Valuation in IPO context  Valuation exercises	Berk, DeMarzo Ch 9 "Business Valuation and the Cost of Capital" by T. Luehrman
6	Corporate Governance	Learn about the system of controls, regulations, and incentives designed to minimize agency costs between managers and investors and prevent corporate fraud		Berk, DeMarzo Ch 29

## Bibliography

There is no all-inclusive textbook for the course. The course material is a selection of various sources. For your preparation use lecture materials and complementary readings. To enhance your understanding of a specific topic, refer to the textbooks recommended below.

### Quick introduction to Financial Accounting:

- Introductory Financial Reporting Standards, by John McCallig, 2nd edition, 2008.
- Introductory Financial Accounting and Reporting, by Barry Smith, 2010.

### Corporate Finance textbooks (recent editions):

- [Berk] Berk J., et P. Demarzo, Corporate finance, Pearson.
- [BrealyMyers] Corporate finance, Richard Brealey, Stewart Myers and Franklin Allen, McGraw-Hill Irwin.
- [Vernimmen] Corporate finance, Theory and Practice, by Pierre Vernimmen, Pascal Quiry, Maurizio Dallocchio, Yann Le Fur and Antonio Salvi, John Wiley & Sons.

**Financial Statement Analysis:**

- [Petersen] Financial Statement Analysis: Valuation - Credit Analysis - Executive Compensation by Christian Petersen and Thomas Plenborg, Pearson 2012.

### 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

The pedagogical assistant will give you directly the schedule at the begin of the semester