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:

<table>
<thead>
<tr>
<th>Session</th>
<th>Topic</th>
<th>Skills</th>
<th>Assignments</th>
<th>Supplementary readings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Financial Statements: intro</td>
<td>Know main financial statements, their content and interrelations</td>
<td>Lecture examples</td>
<td>Berk, DeMarzo Ch 1 A Primer on Financial Statements by A. Damodaran</td>
</tr>
<tr>
<td>2</td>
<td>Time Value of Money</td>
<td>Use discounting and compounding to compute present and future value of cash flows</td>
<td>Lecture examples</td>
<td>A Primer on the Time Value of Money by A. Damodaran</td>
</tr>
<tr>
<td>3</td>
<td>Working capital</td>
<td>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</td>
<td>Analysis of WC of a company using financial statements Industry and company comparative analysis (group work assignment)</td>
<td>Berk, DeMarzo Ch 26</td>
</tr>
<tr>
<td>4</td>
<td>Financial Statement Analysis</td>
<td>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</td>
<td>Ongoing Case</td>
<td>Berk, DeMarzo Ch 2</td>
</tr>
<tr>
<td>5</td>
<td>Valuation</td>
<td>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</td>
<td>Company Valuation Valuation in IPO context Valuation exercises</td>
<td>Berk, DeMarzo Ch 9 “Business Valuation and the Cost of Capital” by T. Luehrman</td>
</tr>
<tr>
<td>6</td>
<td>Corporate Governance</td>
<td>Learn about the system of controls, regulations, and incentives designed to minimize agency costs between managers and investors and prevent corporate fraud</td>
<td></td>
<td>Berk, DeMarzo Ch 29</td>
</tr>
</tbody>
</table>

## 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:**

**Corporate Finance textbooks (recent editions):**

Financial Statement Analysis:


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