

ADVANCED CORPORATE FINANCE

Course code	<i>GRAE019</i>
Compulsory in the programmes	<i>Financial Economics</i>
Level of studies	<i>Graduate</i>
Number of credits	<i>6 ECTS (36 contact hours + 2 consultation hours, 124 individual work hours)</i>
Course coordinator (title and name)	<i>Prof. Dr. Bogdan Stacescu</i>
Prerequisites	<i>Introductory corporate finance</i>
Language of instruction	<i>English</i>

THE AIM OF THE COURSE:

The course builds on introductory corporate finance courses and provides a more in-depth treatment of several more advanced topics. The main topics covered are capital budgeting, financing policy, payout policy, and valuation. The aim is to provide students with a good understanding of investment choices, the cost of capital, risk management strategies and the effect of capital structure on the value of the firm.

MAPPING OF COURSE LEVEL LEARNING OUTCOMES (OBJECTIVES) WITH DEGREE LEVEL LEARNING OBJECTIVES (See Annex), ASSESMENT AND TEACHING METHODS

Course level learning outcomes (objectives)	Degree level learning objectives (Number of LO)	Assessment methods	Teaching methods
CLO1. Understand and be ready to use new tools and concepts needed for in-depth financial analysis.	LO1.1. LO1.2. LO3.2	Homework, group work, assessment, final exam	Lectures, seminars, self study, group work
CLO2. Acquire a more detailed knowledge of the costs of financing a firm.	LO1.1. LO1.2. LO3.1 LO3.2	Homework, group work, assessment, final exam	Lectures, seminars, self study
CLO3. Understand some of the tools that firms can use to manage their risks.	LO1.1. LO1.2. LO2.1. LO3.1	Homework, group work assessment, exam	Lectures, seminars, self study, group work

ACADEMIC HONESTY AND INTEGRITY

The ISM University of Management and Economics Code of Ethics, including cheating and plagiarism are fully applicable and will be strictly enforced in the course. Academic dishonesty, and cheating can and will lead to a report to the ISM Committee of Ethics. With regard to remote learning, ISM remind students that they are expected to adhere and maintain the same academic honesty and integrity that they would in a classroom setting.

COURSE OUTLINE

Topic	In-class hours	Readings
Overview of financial statements and financial markets Capital budgeting	4	Main readings: Chapter 9 in HGT, Chapters 7,8 in BD
Bond valuation Risk and return; stock valuation	4	Chapters 6, 9-13 in BD, Chapters 2, 3, 5, 6 in HGT
Capital structure	4	Chapters 14 and 16 in HGT, Chapter 14 in BD
Capital structure (continued)	4	Chapter 17 in HGT , Chapters 15, 16 in BD
Payout policy: dividends and stock repurchases	4	Main readings: Chapter 15 in HGT, Chapter 17 in BD
Valuation with leverage	4	Main readings: Chapters 18, 19 in BD
Valuation with leverage; real options	4	Main readings: Chapters 20, 21, 22 in BD
Group presentations	4	-
Discussion and wrap-up	4	-
	Total: 36 hours	
CONSULTATIONS	2	
FINAL EXAM	2	

FINAL GRADE COMPOSITION

Type of assignment	%
<i>Group Components 20%</i>	
Coursework	20
<i>Individual Components 80%</i>	
Homework	20
Final exam	60
Total:	100

DESCRIPTION AND GRADING CRITERIA OF EACH ASSIGNMENT

Coursework (20%)

Students will work in small groups (2- 3 people) to prepare a presentation on a paper assigned in class. Each group will have to read and understand the concepts presented in the prescribed paper. The presentation will present the main message of the paper, as well as a small example illustrating the practical use of the concepts presented in the paper. It has to be well structured and clear as you will have to answer questions on the topic from the lecturer and the other class participants. The papers are assigned on a first-come first-served basis. As you'll have to cover a significant amount of material you'll need to start working early.

Homework (20%)

Students will write up the solution of an assignment handed out in class. The assignment includes practical exercises on various corporate finance topics.

Final Exam (60%)

The final exam is open book. You'll have to write answers to a set of open-questions based on the material covered during lectures. Only print material (no digital or electronic equipment) is allowed during the exam.

RETAKE POLICY

In case of a negative final grade, students are allowed a re-sit exam. It will cover all course material. The weight of a re-sit is **60% of the final cumulative grade**. Coursework and homework cannot be rewritten but their evaluation is not annulled. Students have to adhere to deadlines, as **no extensions will be granted**.

ADDITIONAL REMARKS

None

REQUIRED READINGS

1. David Hillier, Mark Grinblatt, Sheridan Titman - ``Financial Markets and Corporate Strategy'', European Edition, 2023, McGraw-Hill, Chapters 1-17.
2. Jonathan Berk and Peter DeMarzo - ``Corporate finance'', Pearson/Addison-Wesley, 2007/2011/2013/2017/2021/2023, Chapters 1-19

ADDITIONAL READINGS

Additional textbooks that can be used for the course are Ross, Westerfield and Jaffe - ``Modern financial management'', McGraw-Hill/Irwin, 2008; Brealey, Myers, Allen, Edmans – “Principles of Corporate Finance”, 2023.

(Last updated: _29.08.2023_)

DEGREE LEVEL LEARNING OBJECTIVES

Learning objectives for Master of Social Science

Programme:

Financial Economics

Learning Goals	Learning Objectives
Students will be critical thinkers	LO1.1. Students will be able to identify underlying assumptions, limitations of previous research; evaluate managerial solution alternatives.
	LO1.2. Students will become independent learners and develop their own comprehension of scientific theories, models, and concepts.
Students will be socially responsible leaders	LO2.1. Students will be able to evaluate past and current practices in their discipline from an ethical perspective .
Students will be effective communicators	LO3.1. Students will develop and deliver a coherent oral presentation .
	LO3.2. Students will develop and deliver a coherent written research paper .