

**COURSE OUTLINES: BF3215 Corporate Finance and Strategy**

<b>Academic Year</b>	2022/2023	<b>Semester</b>	2
<b>Course Coordinator</b>	Loh Yu Sheng		
<b>Course Code</b>	BF3215		
<b>Course Title</b>	Corporate Finance and Strategy		
<b>Pre-requisites</b>	AB1201		
<b>No of AUs</b>	3 AUs		
<b>Contact Hours</b>	3hrs X 13 weeks		
<b>Proposal Date</b>	13 Sep 2021		

**Course Description and Scope**

The course covers fundamental issues of corporate finance, including corporate governance, capital budgeting, capital structure, distribution policies, and working capital management. The course emphasizes financial practices in the real world. The course expands upon the concepts covered in AB1201 Financial Management. We emphasize using EXCEL to conduct computation. The background knowledge is provided through the textbook and lecture notes. By the end of the course, you should have developed a deeper understanding of how corporate financial managers make decisions in the dynamic corporate world and how these decisions impact firm value and stakeholders.

The course is intended for students who are interested in pursuing a career in strategic financial decision making, including corporate finance, investment banking, private equity, consulting, etc.

**Course Learning Objectives**

To acquire knowledge in key principles of corporate financial management and to understand how to apply the key principles in real life.

**Intended Learning Outcomes (ILO)**

By the end of this course, you should be able to:

1. Describe and explain the objective of corporate finance
2. Evaluate the key elements of corporate governance
3. Describe and compare the different risk-return models
4. Analyze and estimate the firm's risk parameters and relate these to the cost of capital
5. Measure the cash flows and investment returns of different projects
6. Evaluate different investment projects using objective investment decision rules
7. Describe the different types of financing available to a firm
8. Analyse the cost and benefits of financing with debt
9. Identify the optimal capital structure
10. Analyse how dividend policy affect firm value
11. Discuss the importance of proper working capital management

**Learning & Teaching Methods**

Seminar style, 4 hours per week

Approach	How does this approach support you in achieving the learning outcomes?
Lectures	The interactive lecture sessions where there are ample opportunities for open discussions on the conceptual questions raised in the class allow you to think critically and share your views with the class. This also allows me to get the concepts clearly through to the entire class by involving you and ensuring that the targeted learning outcomes are being achieved.
Group Project	This assignment requires you to download data and apply what you learn to analyse a real-life company – thereby tying the theory with practice.
In-class Activities	Through these mini in-class practice, students gain a better perspective and deeper understanding of how to apply the concepts and theories.

**Course Assessment**

Component	NBS Learning Goal	Weightage	Group/ Individual	Assessment Rubrics
Final Examination	Acquisition of knowledge	50%	Individual	N.A
Group Project	Critical Thinking  Written Communication  Teamwork and Interpersonal Skills	30%	Group (subject to peer evaluation)	Appendix 1: Assessment rubric for group project - Group written report (80%) - Group presentation (20%)  Appendix 2: Teamwork and Interpersonal Skills
Presentation of Group Project	Oral Communication	10%	Individual	Appendix 3: Presentation Rubric
Class participation	Oral communication	10%	Individual	Appendix 4: Class Participation Rubric
<b>Total</b>		<b>100%</b>		

**Final Exam 50%**

The final exam will be a common and restricted open-book Final Examination. For a restricted open-book exam, students are only allowed to bring into the exam hall ONE A4-size paper of formulas and notes. The scope of the final examination covers all the topics taught in the course.

The final exam will be on 28 April 2023 at 9am.

**Group Project 30%**

This project provides an opportunity to get some hands-on experience applying corporate finance theory and models to real firms. Students are expected to work in syndicates of up to five members and analyse a firm's corporate governance, risk, hurdle rates, investment and financial policies. There will be a presentation at the end of the semester. The written report will constitute 80% of the total marks of the group project while the presentation (at the group level) will constitute 20% of the total marks of the group project.

All group members will get the same total basic mark on the group project. The grade of each group member will be based on the basic mark adjusted for peer evaluation. Please see the group project brief for more details.

**Presentation of Group Project (10%)**

Students will also be graded based on their individual presentation of the group project. Thus, all group members are expected to present.

**Class Participation (10%)**

Students will be evaluated based on their contribution to class discussion. To ensure that your participation is recorded, each week after class, please log into NTU Learn and complete the "Class Participation" form by the end of the day of the class. If you do not do so, your class participation for the lesson will not be considered.

**Course Materials**

Main text (DA): Damodaran, Aswath, Applied Corporate Finance, 4th edition, John Wiley & Sons Inc, 2014. ISBN13: 9781118808931

Secondary text (BH): Brigham, Eugene F., Joel F. Houston, Jun-ming Hsu, Yoon Kee Kong, and A.N. Bany Ariffin, Essentials of Financial Management, 4th edition, Cengage Learning Asia. ISBN13: 9789814792080.

To supplement the prescribed textbooks, the instructor will also provide articles through NTU Learn.

**Course Instructor**

Instructor	Office Location	Phone	Email	Consultation Hours
Loh Yu Sheng			<a href="mailto:yusheng.loh@ntu.edu.sg">yusheng.loh@ntu.edu.sg</a>	Please email to set consultation

**Course Policies and Student Responsibilities**

You are expected to complete all assigned pre-class readings and activities, attend all seminar classes punctually and take all scheduled assignments and tests by due dates. You are expected to take responsibility to follow up with course notes, assignments and course related announcements for seminar sessions you have missed. You are expected to participate in all seminar discussions and activities.

**Academic Integrity**

Good academic work depends on honesty and ethical behaviour. The quality of your work as a student relies on adhering to the principles of academic integrity and to the NTU Honour Code, a set of values shared by the whole university community. Truth, Trust and Justice are at the core of NTU's shared values.

As a student, it is important that you recognize your responsibilities in understanding and applying the principles of academic integrity in all the work you do at NTU. Not knowing what is involved in maintaining academic integrity does not excuse academic dishonesty. You need to actively equip yourself with strategies to avoid all forms of academic dishonesty, including plagiarism, academic fraud, collusion and cheating. If you are uncertain of the definitions of any of these terms, you should go to the [academic integrity website](#) for more information. Consult your instructor(s) if you need any clarification about the requirements of academic integrity in the course.

## Planned Weekly Schedule

Lecture Week starting	Lesson LO	Course ILO	Readings
1 10 Jan	The Objective of Corporate Finance Corporate governance	ILO1, ILO2	DA1, DA2
2 17 Jan	Corporate governance – continued  <i>Hurdle Rate I</i> The Basics of Risk (Equity) Risk-free Rates and Equity Risk Premiums  18 Jan: Industry speaker	ILO3, ILO4	DA1, DA2 DA3, DA4
3 24 Jan	<i>Hurdle Rate II</i> All About Beta Putting it all Together: Cost of Equity  27 Jan 10am to 11.30am: S&P CapitalIQ Pro Workshop (Online Zoom)	ILO4	DA4
4 31 Jan	<b>E-learning week</b> <i>Hurdle Rate III</i> The Basics of Risk (Debt) Measuring Cost of Debt and Cost of Capital	ILO3, ILO4	DA3, DA4
5 7 Feb	<i>Project CFs and Returns I</i> Measuring Project Cash Flows Investment Decision Rules	ILO5, ILO6	DA5
6 14 Feb	<i>Project CFs and Returns II</i> Other Issues in Capital Budgeting Options Embedded in Projects	ILO5, ILO6	DA6, BH14.1 to BH14.4
7 21 Feb	<i>Project CFs and Returns III</i> Other Issues in Capital Budgeting Options Embedded in Projects  <b>Project check-in</b>	ILO5, ILO6	DA6, BH14.1 to BH14.4
Recess Week (26 Feb – 6 Mar)			
8 7 Mar	<i>Financing Decisions I</i> Overview of the Financing Decision The Optimal Capital Structure	ILO7, ILO8, ILO9	DA7, DA8
9 14 Mar	<i>Financing Decisions II</i> The Financing Details	ILO8, ILO9	DA9
10 21 Mar	Dividend Policy	ILO10	DA10, DA11
11 28 Mar	Working Capital Management	ILO11	BH17

12 4 Apr	Group Project Presentations Course Wrap-Up	ILO1- ILO11	
13 11 Apr	Group Project Presentations Course Wrap-Up	ILO1- ILO11	
<b>Group project due on 1 Apr 4pm (Both written report and final powerpoint slides) (Not April's Fool!)</b>			
<b>Peer Evaluations due on 15 Apr 2359</b>			
<b>Final Exams on 28 April 9.00am</b>			

**Assessment Rubrics****Appendix 1: Assessment Rubric for Group Project****Group Written Report (80% of group project score)**

Learning Objective: The ability to define, examine, evaluate, analyze and synthesize various arguments and knowledge to form independent judgment.

Learning Objective: The ability to communicate well with others in writing so that it clearly expresses the intended message and is understandable and useful to the receiving party.

Traits	1 Below Expectations	2 Met Expectations	3 Above Expectations
Apply financial theories	Students are not able to apply the financial theories learnt in class to real world situations	Students are able to apply the financial theories learnt in class to real world situations	Students are able to apply the financial theories learnt in class to real world situations and expand upon it
Analysis	Analysis simply involves restating gathered information. No conclusions drawn	Some analysis done. Drawing conclusions without providing any justifications.	Analysis is outstanding. Drawing conclusions and providing sufficient justifications.
Calculations	Calculations are wrong	Calculations are generally correct but did not take into account unique company situations.	Calculations are correct and take into account the unique company situations.
Presentation of calculations	Not clear how the numbers are obtained	It is relatively easy to follow how the numbers are obtained	Excellent presentation of calculations such that readers can easily grasp how the numbers are obtained and calculated.
Writing	Report is difficult to understand. Problems with sentence structure, leaving reader unsure of meaning	Report can be adequately understood	Report is well-organized, easily understood, succinct and to the point. Make excellent use of figures and tables to aid in exposition.

**Group Presentation (20% of group project score)**

<b>Traits</b>	<b>1 Below Expectations</b>	<b>2 Met Expectations</b>	<b>3 Above Expectations</b>
Use of visual aids	Visual aid is not engaging	Visual aid is standard	Visual aid is well-done and helps with presentation
Organisation of the group presentation	Information is not presented in a logical sequence	Information is presented in a logical sequence with good use of visual aids to illustrate certain key points	Information is presented in a logical sequence; Well designed and attractive visual aids that simplify / summarise key pointers
Overall group dynamics and delivery	Time management is poor; Delivery is not smooth; No group spirit	Little improvement needed for time management or delivery; Works as a team	Good time management and smooth delivery; Excellent group spirit

*\* Note that other considerations will be taken into account when grading*

*\*\* All members of the same group will receive the same scores for both the written report and group presentation. These two scores will together form the basic overall score for the group project. However, this basic score will be downgraded for individual group members if the peer evaluation indicates that the member has not contributed enough to the project.*

**Appendix 2: Teamwork & Interpersonal Skills Rubric – for Group Project**

Learning Objective: The ability to work effectively with others in a group setting.

Traits	Performance	
<p><b><u>Roles and Responsibility</u></b></p> <p>Behaves professionally by upholding responsibility and assuming accountability for self and others in progressing towards the team’s goal.</p>	<p><b>Scant</b></p> <p>Unclear about his/her own role; refuses to take a role in the group; insists to work individually and has limited coordination or communication with others.</p>	<p><b>Substantially Developed</b></p> <p>Always fulfills responsibilities; performs his/her role within the group with enthusiasm and demonstrates willingness to work collaboratively.</p>
<p><b>Evaluation:</b></p> <p><b>Scant 1 2 3 4 5 6 7 8 9 10 Substantially Developed</b></p>		
<p><b><u>Communication</u></b></p> <p>Identifies appropriate mechanisms to coordinate and correspond with team members.</p>	<p><b>Scant</b></p> <p>Modes of communication are not appropriate, causing confusion and miscommunication among team members.</p>	<p><b>Substantially Developed</b></p> <p>Modes of communication are appropriate, and maintains timely communication and correspondence with team members.</p>
<p><b>Evaluation:</b></p> <p><b>Scant 1 2 3 4 5 6 7 8 9 10 Substantially Developed</b></p>		
<p><b><u>Conflict Resolution</u></b></p> <p>Resolves conflicts using a variety of approaches.</p>	<p><b>Scant</b></p> <p>Does not recognize conflicts or is unwilling to resolve conflicts.</p>	<p><b>Substantially Developed</b></p> <p>Consistently resolves conflicts through facilitating open discussion and compromise.</p>
<p><b>Evaluation:</b></p> <p><b>Scant 1 2 3 4 5 6 7 8 9 10 Substantially Developed</b></p>		
<p><b><u>Contributions</u></b></p> <p>Contributes positive input for the team; effectively utilizes one’s knowledge and expertise.</p>	<p><b>Scant</b></p> <p>Largely disinterested in working in a group and refuses to participate; observes passively or is unwilling to share information with other team members.</p>	<p><b>Substantially Developed</b></p> <p><u>Actively attends and participates in all activities and provides meaningful contribution in articulating ideas and opinions.</u></p>
<p><b>Evaluation:</b></p> <p><b>Scant 1 2 3 4 5 6 7 8 9 10 Substantially Developed</b></p>		
<p><b><u>Relationship</u></b></p> <p>Maintains cooperative interaction with other team members regardless of individual /cultural differences and respects diverse perspectives.</p>	<p><b>Scant</b></p> <p>Rarely listens to others and does not acknowledge the opinions that differ from his/her own.</p>	<p><b>Substantially Developed</b></p> <p>Engages in respectful relationships with all other members in the team. Embraces and accepts diverse points of view without prejudice.</p>
<p><b>Evaluation:</b></p> <p><b>Scant 1 2 3 4 5 6 7 8 9 10 Substantially Developed</b></p>		



**Appendix 3: Oral Communication – for Presentation of Group Project**

Learning objective: The ability to communicate well with others verbally so that it clearly expresses the intended message and is understandable and useful to the receiving party.

Traits	1 Below Expectations	2 Met Expectations	3 Above Expectations
Pacing	Inappropriate pacing (too fast or slow)	Appropriate pacing	Well-paced with appropriate pauses
Enthusiasm/ Audience Awareness	Shows no interest in topic presented	Occasionally shows positive feelings about the presentation	Demonstrates strong enthusiasm during the entire presentation
Delivery	Uncertain and hesitant, does not maintain eye contact with audience.  Mumbles, speaks too softly, or speaks in monotone	Generally professional, establishes eye contact with audience some of the time.  Speaks with satisfactory variation of volume and inflection	Stands poised and confident, establishes eye contact with audience.  Speaks with fluctuation in volume and inflection to maintain audience interest and emphasize key points

*\* Note that other considerations will be taken into account when grading.*

**Appendix 4: Oral Communication – for Class Participation**

Learning objective: The ability to communicate well with others verbally so that it clearly expresses the intended message and is understandable and useful to the receiving party.

Traits	1 Below Expectations	2 Met Expectations
Contribution frequency	Does not speak up/contribute in class	Speaks up/contributes in class
Contribution quality	No contributions/ Contributions lack substance	Contributions demonstrate knowledge of subject matter

*\* Note that other considerations will be taken into account when grading*