

ACCT200001

Corporate Finance

Program : Global Summer Program

Academic Level: Undergraduate

Duration : July 2025

Contact Hours : 54

Fudan Credits : 3

Course Description:

This is a preliminary course in finance major and a core course in business administration.

The objective is to provide students with fundamental financial concepts and theories as well as the applications in making corporate financial decisions. It is also a precedent of many advanced courses in the finance track, including Financial Markets and Institutions, Investments, Futures and Options, and Multinational Business Finance.

The teaching content is composed of four parts. Part I introduces basic concepts in finance such as financial assets, opportunity cost, discount, PV, FV, and NPV. To fill in the gap between accounting and finance, simple financial ratio analysis will also be covered in this part.

Part II demonstrates how to make firm investment decisions based on project NPV and other criteria. Part III explains how to value financial assets, namely bonds and stocks, and how the opportunity cost of capital (the required rate of return, or the discount rate) is determined in the security market. As one stock actually stands for one piece of a business, business valuation methods will be (DCF model and P/E ratio) introduced in this part.

Part IV discusses financing decisions, mainly how to finance with debt and equity, the calculation of WACC, and how to weigh cost and benefit in taking leverage. Due to time limit, CAPM, the fundamental model of stock expected return, will not be explained in detail but will be applied directly in estimating cost of equity and calculating WACC.

In totally 54 contact hours of this course, 44 will be allocated to class teaching, 4 to the final exam, and 6 to seminars.

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Course Goals:

- 1) Understand corporate financial decisions in the real business world;
- 2) Access an investment opportunity by calculating its annual return, such as a wealth management product or an insurance product;
- 3) Make simple corporate investment decisions with NPV, Payback and IRR criteria;
- 4) Make simple financing decisions in the financial market with the goal of mitigating agency problem and reducing WACC;
- 5) Value a growing business with simple DCF framework and P/E ratio.

Prerequisites

Knowledge in Accounting and Micro-economics is preferred.

Textbook & References:

Richard A. Brealey, Stewart C. Myers, Franklin Allen, Principles of Corporate Finance, McGraw Hill, 12th Edition, McGraw-Hill International Edition, 2018 (BMA) (reprinted version by China Machine Press available)

Schedule:

Lecture	Topic	Activities
1	Introduction to Corporate Finance; Review of Financial Statements	Lecture
2	Financial Ratio Analysis Basics; Time value of money, discount; PV, FV and NPV;	Lecture
3	PV Calculation Short Cuts; Amortization of Loans; Compound Interest and Simple Interest	Lecture; Tutorial
4	Class Quiz 1 NPV and other Investment Criteria; Mini Case: Investment Detective	Lecture;
5	Making Investment Decisions with the NPV Rule: Cash Flow Analysis; EAC and EACF; Optimal Replacement	Lecture;

6	Project Analysis: Sensitivity Analysis; Scenario Analysis, Break-even Analysis	Lecture; Tutorial
7	Class Quiz 2 Valuation of Bond	Lecture;
8	Valuation of Stocks; Valuation with FCF; Valuation with Comparable Multipliers	Lecture;
9	CAPM and Cost of Equity; WACC and Financial Leverage	Lecture; Tutorial
10	Class Quiz 3 How Firms Issue Securities	Lecture;
11	Capital Structure Decisions: MM Theory; Trade-off Theory; Pecking order in Financing; Course Wrap-up	Lecture; Tutorial
12	Final Exam	Exam

Assessment:

Assessment Task	Weighting
Class Attendance	10%
Take-home Assignments	20%
Class Quiz (Best 2 out of 3)	20%
Exam	50%

Grading Scale:

Grades	A	A-	B+	B	B-	C+	C	C-	D	F
100	90-100	85-89	82-84	78-81	75-77	71-74	66-70	62-65	60-61	<60

The instructor will use the grading system as applied by Fudan University.

Credit Point Value:

Component	Contact Hours	Fudan Credits
Academic Lectures	44	3
Thesis/Exam	4	
Seminar/Field Trip	6	
Total	54	

At Fudan University, the duration of one contact hour is 45 minutes, and 18 contact hours are equivalent to 1 credit.

Note: The document is subject to change at the discretion of School of Management, Fudan University.