



## **Boston University Study Abroad** London

Boston University Study Abroad  
Corporate Financial Management  
QST FE 449 B (*Elective A*)  
Spring 2017

### **Instructor Information**

A. Name	Dr. Wei Song
B. Day and Time	Mondays and Tuesdays, 1.15pm-5.15pm
C. Location	
D. BU Telephone	
E. Office hours	By appointment

### **Course Objective**

The objective of this course is to provide both theoretical and practical frameworks of corporate finance. The key contents of the course include both corporate investment and corporate financial decisions. In addition, to further enhance students' skill sets in corporate finance, some selected corporate finance topics such as mergers and acquisitions and corporate governance are included.

### **Course materials**

#### **Required textbook:**

Jonathan Berk and Peter DeMarzo, Corporate Finance, 3<sup>rd</sup> Edition.

#### **Additional materials:**

Lecture notes will be available on Blackboard: <http://learn.bu.edu>

You are required to print out the course materials pertinent to each meeting and bring them with you to class.

In order to stimulate class participation I reserve the right to pose questions to students during the lectures.

*Course website:* All materials handed out in class will also be posted on the class website. In addition to all class materials, I will also repeat important announcements on the website; it is your responsibility to visit it as frequently as possible, and definitely before each class.

## Assessment

**Class participation:** I will expect active participation by students. “Active participation” does not mean that you need to answer every single question posed in class. Thoughtful questions, answers, and remarks will be rewarded. “Thoughtful” does not have to coincide with “correct”. The goal of participation is to arrive together at the right answer.

**Case assignment:** You will be assigned one case during the semester. The case should be prepared in teams. Each team should include 2-3 members. Case write-ups must include an executive summary, calculations and supplementary materials, such as tables, figures, and/or appendices). Cases write-ups should be turned in according to the schedule.

**Homework assignments:** You will be given periodical homework assignments. These assignments are a very effective way of preparation for the midterm and final. Paper copies of homework assignments are due at 9:00a.m.on their due dates.

**Note:** Instructors retain the right to deviate from the topic list above if necessary, but students will be given sufficient advance notice. Quizzes and other activities may be given throughout the sessions where this is appropriate for the topic under study.

## Exams

**Midterm:** The midterm will be a closed-book, in-class exam, and will be based on all of the required course materials that will be covered during the first half of the class, including cases and homework assignments.

**Final:** The final exam will be a two hour, closed-book exam and will be based on all of the required course materials that will be covered during the second half of the class.

*Note: Final grades are subject to deductions by the Academic Affairs Office due to unauthorised absences.*

## Assessment and evaluation

TYPE	TOPICS	EVALUATION %
Midterm Exam	1-7	25%
Final Exam	1-16	45%
HW1	1-3	5%
HW2	4-7	5%
HW3	14-15	5%
Case Study (Group)	8-11	10%
Class Participation	1-16	5%
<b>TOTAL</b>	-	<b>100%</b>

## Attendance

### Classes

All Boston University London Programme students are expected to attend each and every class session, seminar, and field trip in order to fulfill the required course contact hours and receive course credit. Any student that has been absent from two class sessions (whether authorised or unauthorised) will need to meet with the Directors to discuss their continued participation on the programme.

#### *Authorised Absence:*

Students who expect to be absent from any class should notify a member of Academic Affairs and complete an Authorized Absence Approval Form 10 working days in advance of the class date (except in the case of absence due to illness for more than one day. In this situation students should submit the Authorised Absence Approval Form with the required doctor's note as soon as possible). The Authorised Absence Approval Request Form is available from: <http://www.bu.edu/london/current-semester/>

**Please note: Submitting an Authorised Absence Approval Form does not guarantee an authorised absence**

Students may apply for an authorised absence only under the following circumstances:

- **Illness (first day of sickness):** If a student is too ill to attend class, the student must phone the BU London Student Affairs Office (who will in turn contact the student's lecturer).
- **Illness (multiple days):** If a student is missing more than one class day due to illness, the student must call into to the BU London Student Affairs Office each day the student is ill. Students must also provide the Student Affairs office with a completed Authorised Absence Approval Form and a sick note from a local doctor excusing their absence from class.
- Important placement event that clashes with a class (verified by internship supervisor)
- Special circumstances which have been approved by the Directors (see note below).

**The Directors will only in the most extreme cases allow students to leave the programme early or for a significant break.**

#### *Unauthorised Absence:*

Any student to miss a class due to an unauthorised absence will receive a **4% grade penalty** to their final grade for the course whose class was missed.

This grade penalty will be applied by the Academic Affairs office to the final grade at the end of the course. As stated above, any student that has missed two classes will need to meet

with the Directors to discuss their participation on the programme as excessive absences may result in a 'Fail' in the class and therefore expulsion from the programme.

### **Religious Holidays**

Boston University's Office of the University Registrar states:

'The University, in scheduling classes on religious holidays and observances, intends that students observing those traditions be given ample opportunity to make up work. Faculty members who wish to observe religious holidays will arrange for another faculty member to meet their classes or for cancelled classes to be rescheduled.'

### **Special Accommodations**

Each student will need to contact the Office of Disability Services to request accommodations for the semester they are abroad. Students are advised by BU-ODS not to expect the same accommodations as they receive on campus.

BU London can only uphold special accommodations if we have received the appropriate documentation from the BU-ODS. We cannot accept letters from other universities/centres.

All disabilities need to be known to the ODS in Boston if they are to be used as a reason for requiring a change in conditions, i.e. reduced internship hours or special accommodations for the internship schedule.

### **Lateness**

Students arriving more than 15 minutes after the posted class start time will be marked as late. Any student with irregular class attendance (more than two late arrivals to class) will be required to meet with the Associate Director for Academic Affairs and if the lateness continues, may have his/her final grade penalised.

## SCHEDULE AND TOPICS OUTLINE

Date	Week	Topic	In-class Hours	Readings and Assignments
22/01/2018	1	1. Introduction to corporate finance 2 Lecture notes	2	Lecture notes
		2. Investment analysis. Investment decisions rules	2	B & D Ch.7
23/01/2018	1	3. Fundamentals of capital budgeting. Identifying and estimating relevant cash flows	4	B & D Ch.8
29/01/18*	2	4. Debt Valuation	2	B & D Ch. 6
		5. Debt Financing	2	B & D Ch. 24
30/01/2018	2	6. Equity Valuation	2	B & D Ch.9
		7. Equity Financing	2	B & D Ch. 23
05/02/18**	3	Mid-Term Test	2	
		8. Capital markets and the pricing of risk	2	B&D Ch 10
06/02/2018	3	9. Optimal portfolio choice and CAPM	2	B&D Ch 11
		10. The cost of capital	2	B&D Ch12
09/02/2018	3	11. Capital structure	4	B&D Ch 14, 15
12/02/18***	4	12. Payout policy	2	B&D Ch 17
		13. Dividends and share repurchases	2	
13/02/2018	4	14. Mergers and Acquisitions	2	B&D Ch 28
		15. Corporate Governance	2	B&D Ch 29
16/02/2018	4	16. Investor behaviour and capital market efficiency /Closing Remarks / Putting it all together	2	B&D Ch13 plus Notes
		17. Revision	2	
20/02/18****	5	FINAL EXAM	2	

\* HW1: to be handed in by 9:00am

\*\* HW2: to be handed in by 9:00am

\*\*\* Case Study: To be handed in by 9:00am

\*\*\*\*HW3: Topic Choice, to be handed in 19/02/18 by 9:00