

BOSTON UNIVERSITY STUDY ABROAD PADUA

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| COURSE | QST FE 449 Corporate Financial Management |
| COURSE LANGUAGE | English |
| COURSE VALUE | 4 credits |
| LEARNING OUTCOMES OF THE MIP PROGRAM | <ol style="list-style-type: none"> 1. Gain an understanding of workplace dynamics, professional expectations, and the influence of culture on both. 2. Build proficiency in a range of business or industry skills appropriate to the field of the internship placement, including professional and inter-cultural communication through written, verbal, and nonverbal means. 3. Refine and clarify professional and career goals through critical analysis of the internship experience or research project. |
| COURSE DESCRIPTION | <p>This is an introductory course in corporate finance. The purpose of this course is to introduce students to the most important concepts and principles in corporate finance. It is intended to provide students with the knowledge and the basic skills that allow them to deal with many aspects of a company's finances and capital. Specifically, the course covers the following topics:</p> <ul style="list-style-type: none"> • Advanced Financial Statement Analysis • Using accounting to price a stock • Capital Structure and Financing Decisions • Derivatives • Sustainability Finance <p>Upon completion of this course, students should be able to critically analyze financial statements in order to evaluate firms' current and future performance; discuss the role of accounting policies on firms' accounting numbers; to critically evaluate alternative models to price a stock, discuss what mixture of debt and equity should use to fund its operations and understand the role of ESG dimension in financial decisions</p> |
| LEARNING STATEMENT | Given the topic and the structure of the course, students are expected to engage themselves in a minimum of 6 hours of independent study every week. |
| TEACHING METHODOLOGY | The course alternates lectures, case studies, group discussions. It includes two seminars that will enrich the course and give a peculiar contribution to the students' learning experience. |
| COURSE MATERIALS | <ul style="list-style-type: none"> - Hillier, D.; Ross, S.; Westerfield, R.; Jaffe, J.; and Jordan, B. 2016. <i>Corporate Finance</i>. Third European Edition. Berkshire: McGraw-Hill. - Penman, Stephen H., <i>Financial statement analysis and security valuation</i>. Boston: McGraw-Hill, 2012 |
| AIMS OF THE COURSE | <ul style="list-style-type: none"> ➤ Being able to critically analyze the financial statements of a company in order to evaluate whether it is delivering value to shareholders ➤ Understanding how to perform a quality-of-earnings analysis and detect accounting manipulations. ➤ Understanding how accounting can be used to price a stock ➤ Being familiar with the most common types of options and being able to apply valuation models to option pricing ➤ Understand the role of ESG in finance |
| GRADING CRITERIA | Grades in this course will be based on: |

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| - Attendance and participation | 10 |
| - Midterm exam | 30 |
| - 1 Oral Presentation | 20 |
| - Final Exam | 40 |
| TOTAL: | 100% |

Attendance and participation

This course is designed in a way that gives an important role to the participation of each student during the lessons. It is important to be pro-active by asking questions, making relevant comments and adding personal views on the topics discussed. Students are expected to participate actively by having read the teaching material in advance, taking an active role in group discussions, and teamwork. Your overall participation will count towards the final grade of this course. See also Bu policies below.

Midterm Exam

The midterm exam consists of a series of exercises and open questions covering the main topics of the course. The exam is closed book and closed notes.

Final Exam

The final exam consists of a series of exercises and open questions covering the main topics of the course. The exam is closed book and closed notes. Topics discussed during the oral presentations and seminars can be tested during the exam. **The final exam is cumulative.**

1 Oral presentations

Students are required to present a research paper on contemporary research topics in corporate finance. Topics will be assigned in session #4.

No written report is required but students have to provide the instructor with a printed copy of the slides. Some time for team works have been scheduled during class, with the instructor available for answering any questions or doubts. More details will be provided in due course.

BU POLICIES

Examinations

All academic commitments must be completed before you leave the site; no incompletes are permitted. Students who do not complete a course on time will be given an F.

Students are required to sit their examinations on the dates, at the times, and in the same classroom as the other students in their class.

If a student is ill or has another extenuating circumstance which causes the student to be absent from a scheduled examination, he/she must provide appropriate documentation and receive approval from the Director.

Attendance

Students should note that attendance will be taken into account by faculty. Boston University Padua students are expected to attend each and every class session, tutorial, on-site class, internship work appointment, and activity required for the class as indicted in the syllabus. Any student with irregular class attendance may have his/her final grade penalized.

Absences

Unjustified absences from class, and any class related activity, will affect the students' participation grade, which will be lowered by one letter grade for each absence.

Absence for Religious Reasons

According to Chapter 151C of the General Laws, Commonwealth of Massachusetts, any student in an educational or vocational training institution, other than a religious or

denominational educational or vocational training institution, who is unable, because of his or her religious beliefs, to attend classes or to participate in any examination, study, or work requirement on a particular day, shall be excused from any such examination or study or work requirement, and shall be provided with an opportunity to make up such examination, study, or work requirement that may have been missed because of such absence on any particular day; provided, however, that such makeup examinations or work shall not create an unreasonable burden upon such school. No fees of any kind shall be charged by the institution for making available to the said students such opportunity. No adverse or prejudicial effects shall result to students because of their availing themselves of the provisions of this section. Students who have questions about practicing their religion while abroad should contact Boston University Study Abroad.

Lateness

Students arriving more than 10 minutes after the posted class start time will be marked as late. Being late three times is equivalent to missing one class.

Late Assignments

Students are expected to turn in all course assignments on time as stated in each course syllabus. Late assignments will not be accepted and missed assignments will automatically be awarded an F. Please note that all coursework must be completed by the end of the program.

Plagiarism

Simply stated, plagiarism is taking another's work and presenting it as you own. Definitions of plagiarism frequently include terms such as 'theft' or 'steal'. Plagiarism is, in fact, intellectual theft. It is one of the most serious forms of academic misconduct. Plagiarism committed by a student will certainly result in course failure and may result in suspension or dismissal. For more details please see Boston University's Code of Student Responsibilities: <http://www.bu.edu/lifebook/universitypolicies/policies-code.html>

Disability accommodations

If you are a student with a disability or believe you might have a disability that requires accommodations, please contact the Disability and Access Services office (DAS) at 617-353-3658 to coordinate any reasonable accommodation requests. For more information, please visit: <http://www.bu.edu/disability>

Interruption of program or early departure

Only in serious cases – mostly related to medical emergencies – the Director will allow a student to take a significant break during the program or to leave before its official conclusion. Official written approval must be received by the Director.

Academic Advice

The Director serves as the head of the faculty and as academic advisor. The Director is available on an appointment basis to assist students with academic issues. For academic advice regarding students' home institutions' policies and transfer credit information, non-Boston students should also contact their school's academic advisors.

Tutorials

BU faculty are available by appointment for students who may need support in the learning process. We strongly encourage you to take advantage of this resource. Students in the past found it very useful to succeed. Students who receive a C on a test must seek support from faculty.

CALENDAR

| | TITLE AND CONTENT OF THE LESSON |
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| Lesson 1 | Introduction and course overview |
| | Financial Statement Analysis (Review) |
| | This lecture focuses on working with information contained in financial statements. Specifically, we will discuss how to read and interpret the statement of financial position, the income statement and the cash flow statement. After this class, you should have some perspective on the uses and abuses of financial statement information. |
| Lesson 2 | <u>Creating accounting value and economic value Part 1</u> |
| | In this section you will learn the difference between economic value added and accounting value added; how appropriate valuation techniques produce valuations that are not affected by accounting methods; What are "conservative" accounting and "liberal" accounting and how they affect valuation |
| Lesson 3 | <u>Creating accounting value and economic value Part 2</u> |
| | In this section you will learn the difference between economic value added and accounting value added; how appropriate valuation techniques produce valuations that are not affected by accounting methods; What are "conservative" accounting and "liberal" accounting and how they affect valuation |
| Lesson 4 | <u>Analysis of the Quality of Financial Statements Part 1</u> |
| | In this section, you will learn how accounting methods and estimates affect the sustainability of earnings; what "quality of earnings" means and the accounting devices that management can use to manipulate earnings. |
| Lesson 5 | <u>Analysis of the Quality of Financial Statements Part 2</u> |
| | In this section you will learn how accounting methods and estimates affect the sustainability of earnings; what "quality of earnings" means and the accounting devices that management can use to manipulate earnings. |
| Lesson 6 | <u>How Financial Statements are Used in Valuation Part 1</u> |
| | This session will review the key valuation methods used to price a stock, focusing on Method of Comparables, Screening on Multiples, Asset-Based Valuation, Dividend discount model, Discounted Cash Flow Valuation |
| Lesson 7 | <u>How Financial Statements are Used in Valuation Part 2</u> |
| | This session will review the key valuation methods used to price a stock, focusing on Method of Comparables, Screening on Multiples, Asset-Based Valuation, Dividend discount model, Discounted Cash Flow Valuation |
| Lesson 8 | |
| | <u>Review Session</u> |

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| Lesson 9 | <u>MIDTERM EXAM</u> |
| Lesson 10 | <u>Accrual Accounting and Valuation: Pricing Book Values</u> This session will introduce students to the use of accrual accounting to price stocks. |
| Lesson 11 | <u>Accrual Accounting and Valuation: Pricing Book Values</u> This session will introduce students to the use of accrual accounting to price stocks. |
| Lesson 12 | <u>Active investing</u> In this session, students will learn how to use the residual income model to challenge the stock price |
| Lesson 13 | <u>Capital Structure Part 1</u> This session focuses on the theoretical foundation of the choice between debt and equity. An important part of the lecture will be devoted to the understanding of the Modigliani and Miller propositions. |
| Lesson 14 | <u>Capital Structure Part 2</u> This session focuses on the theoretical foundation of the choice between debt and equity. An important part of the lecture will be devoted to the understanding of the Modigliani and Miller propositions. |
| Lesson 15 | <u>Students' presentations</u> |
| Lesson 16 | <u>Options Part 1</u> This session will introduce students to the most common types of option. The lecture will cover the following topics: call options, put options, writing options, option quotes, and option combinations. |
| Lesson 17 | <u>Options Part 2</u> This session will introduce students to the most common types of option. The lecture will cover the following topics: call options, put options, writing options, option quotes, and option combinations. |
| Lesson 18 | <u>ESG Finance Part 1</u> Guest lecture: Prof. Michele Costola, University of Venice During this guest lecture, students will be introduced to principles of ESG Finance that is becoming a predominant trend in the profession. |
| Lesson 19 | <u>ESG Finance Part 2</u> Guest lecture: Prof. Michele Costola, University of Venice During this guest lecture, students will be introduced to principles of ESG Finance that is becoming a predominant trend in the profession. |
| Lesson 20 | Course review and preparation for final |

