

Ivan Franko National University of Lviv, Ukraine
Faculty of Mechanics and Mathematics

Introduction to Corporate Finance
Course Syllabus

Spring Semester 2019/2020

Teacher: Olga Bychkova, MSc., M.A.

Email: Olga.Bychkova@cerge-ei.cz

Office hours: TBA

Course webpage: TBA

Lectures: TBA

Exercise sessions: TBA

Description of the Course

The course covers the principles of corporate finance and their practical applications. It offers deeper insights into valuation of bonds and stocks, decision-making within corporations, theory of capital structure and management, and related topics of payout and debt policies. In addition, the course covers the basics of pricing derivative securities and managing risk. Basic courses in Microeconomics and Statistics are prerequisites.

Literature

The main textbook for this course is: Brealey, R. A., Myers, S. C., & Allen, F. (2011) *Principles of corporate finance — 10th edition*. McGraw-Hill Education.

Additional handouts may be distributed in class or posted on the course webpage along with the lecture notes.

Main Topics Covered

1. Review of key finance concepts: present value, valuation of bonds and stocks, investment criteria (chapters 2–5).
2. Making investment decisions and project analysis (chapters 6 and 10).
3. Risk, return, and the cost of capital: CAPM and APT (chapters 7–9).
4. Payout and debt policies (Modigliani and Miller propositions) and corporate borrowing (chapters 16–18).
5. Introduction to derivative securities: options (chapters 20).
6. Option pricing in the multi-period binomial model (chapters 21–22).
7. Managing risk: forwards and futures (chapter 26).
8. Financial analysis, planning, and working capital management (chapters 28–30) (if time permits).

Grades are based on three components

30% **Problem sets** (weekly assignments distributed each Friday except for midterm and final exam weeks, due one week later)

30% **Midterm exam**

40% **Final exam**

Effort expectations

Students are expected to attend classes and actively participate. Also, they are encouraged to read assigned chapters beforehand so that we can focus on discussion and deeper understanding in class rather than explanation of basic concepts.