

Subject Code	AF5312
Subject Title	Principles of Corporate Finance
Credit Value	3
Level	5
Normal Duration	One Semester
Pre-requisite / Co-requisite/ Exclusion	<p>Pre-requisite: None</p> <p>Exclusion: AF5318 Financial Management</p> <p style="padding-left: 40px;">AF5326 Managerial Finance</p> <p style="padding-left: 40px;">AF5327 Finance for Executives</p> <p style="padding-left: 40px;">AF5331 Corporate Financial Management</p>
Objectives	<p>This course introduces students to the foundation knowledge and techniques in corporate finance, as well as covering more specialised aspects of corporate finance on which other subjects can be built. This course will help students to identify real life corporate finance issues and explain the related observations or phenomena in terms of sound financial theories concepts (MSc AFA Programme Outcome 1). Students are also able to apply the up-to-date corporate finance principles and see their impact on corporate policies and strategies.</p>
Intended Learning Outcomes	<p>Upon successful completion of this course, students should be able to:</p> <ol style="list-style-type: none"> a. Understand the major tasks of corporate finance; b. Understand the role of financial markets and interest rate in corporate financing and how they should be incorporated in corporate financing decisions; c. Understand the importance of time value of money and its relevance to corporate financial decisions, and be able to apply the up-to-date knowledge acquired in the course to solve similar capital budgeting problems in other real case situations; d. Understand the return-risk relation and the CAPM; e. Understand issues of cost of capital, capital structure, and different methods of equity and debt financing.

1. Class participation	10%	✓	✓	✓	✓	✓
2. Group presentation of case study	20%	✓	✓	✓	✓	✓
3. Mid-term test	20%	✓	✓	✓	✓	✓
4. Final examination	50%	✓	✓	✓	✓	✓
Total	100 %					

Explanation of the appropriateness of the assessment methods in assessing the intended learning outcomes:

Class participation–Students are required to actively participate in classroom discussion and other various classroom activities (e.g., self-test problems) arranged by the lecturer. Performance on problem solving will be evaluated on the effort rather than accuracy. It covers the intended learning outcomes (a), (b), (c), and (d).

Group presentation of case study – Students can either form a group (the minimum number of three and the maximum number of five) or choose to be assigned to a group by the lecturer. Each group will choose one case study (to be assigned later) and all group members are required to make a 10-minute presentation in class and answer questions raised by the instructor and classmates during Q&A sessions. It covers the intended learning outcomes (a), (b), (c), and (d).

Mid-term test – A closed-book test with compulsory multiple-choice questions and short analytical questions. It covers the intended learning outcomes (a), (b), and (c).

Final examination – 3-hour closed book examination with compulsory questions covering most of the intended learning outcomes.

Note: The specific requirements on individual assessment components discussed above could be adjusted based on the pedagogical needs of subject lecturers.

Student Study Effort Expected	Class contact:	
	▪ Lectures / Seminars	39Hrs.
	Other student study effort:	

	<ul style="list-style-type: none"> ▪ On average, students are expected to spend about 39 hours for reading teaching materials and doing exercise questions. 	39 Hrs.
	<ul style="list-style-type: none"> ▪ On average students are expected to spend 36 hours for the group project discussion, presentation, and report writing. 	36 Hrs.
	Total student study effort	114 Hrs.
Reading List and References	<p><u>Textbook</u></p> <p>Ross, Westerfield, Jaffe, and Jordan, <i>Corporate Finance</i>, 12th Edition, McGraw-Hill. (ISBN: 978-1-260-09187-8)</p> <p><u>Reference</u></p> <p>Brealey, R., Myers, S., and F. Allen, <i>Principles of Corporate Finance</i>, McGraw-Hill, latest edition.</p> <p>Copeland, T., Weston, J., and Shastri, K., <i>Financial Theory and Corporate Policy</i>, Pearson, latest edition.</p> <p>Ross, S.A., R.W. Westerfield & B.D. Jordan, <i>Fundamentals of Corporate Finance</i>, latest edition, McGraw-Hill.</p> <p>Shefrin, H., <i>Behavioral Corporate Finance</i>, McGraw-Hill, latest edition.</p>	