Course Title
Corporate Finance

Professor
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Language
English

Overview
Corporate finance purpose is to allow the chief financial officer to take financial decisions in the company. Financial analysis and valuation are preliminary tasks before making a financial decision in a company. Indeed, we need to know the financial state of the company before being able to take a financial decision and we need to understand how those decisions will impact the value of the company.

Once the CFO has a good understanding of the financial strengths and weaknesses of its company and when he understands the impact of its decisions on the value of the company, he is able to take sound financial decisions regarding investments policy, capital structure, distribution policy, issuing capital, M&A transactions.

This course presents a simple but powerful financial analysis method, the most common methods for valuing a project and a company and the main financial decisions of the CFO (dividend policy, capital structure, issuing capital, M&A...).

Prerequisites
Basic knowledge of financial statements: especially the income statement and the balance sheet (a refresher on this topic will be given at the first cession).

Course Objectives
After the course, the students will be able to perform a simple financial analysis. They will know the main approaches to value a project and a company and they will understand what are the
main financial decision in the company (investment, financing, distributing, issuing, M&A) and how to analyze them.

**Mode of Assessment**
50% participation and homework presented to the class and 50% final exam

**Course Schedule**

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| 1 and 2 | Introduction  
- The role of finance  
- Time value of money  
- The role of the CFO  
- Financial instruments  
- Financial investors  
- Financial markets  
- Financial risk | | |
| 2 | Refresher  
- The Income Statement  
- The Balance Sheet  
- The Statement of Cash Flows | | |
| 3 to 5 | Financial Analysis - a simple four step method  
- Introduction  
- Wealth creation  
- Investment  
- Financing  
- Returns | Corporate finance-Theory and Practice: Financial analysis p 131 to 250 | Case study |
| 6 | Selection of CAPEX | Corporate finance - Theory and Practice: Investment criteria – P524 | Case study |
| 7 and 8 | Valuation of companies: multiples, DDM, DCF  
Introduction | Corporate finance- Theory and Practice: Valuation techniques - P572 | Student project |
| 9 | Capital Structure: the Modigliani & Miller theorem | Corporate finance: Theory and Practice: Capital structure and the theory – P607 | Case study |
| 10 | Weighted Average Cost of Capital | Corporate finance: Theory and Practice: The cost of capital – P542 | student project |
| 11 | Distribution policy: Why giving back cash to shareholders? | Corporate finance: Theory and Practice: Returning cash to shareholders – p675  
Distribution in practice- p691 | Case study |
| 12 | Final exam | | |
Bibliography

*Corporate Finance*, 5th edition or earlier versions by Pascal Quiry
*Corporate Finance*, 10th edition or earlier versions by Stephen Ross and Randolph W. Westerfield

MyCourse

This course is on MyCourse: No

Grading

The numerical grade distribution will dictate the final grade.

**Class participation:** Active class participation – this is what makes classes lively and instructive. Come on time and prepared. Class participation is based on quality of comments, not quantity.

**Exam policy:** In the exam, students will not be allowed to bring any document (except if allowed by the lecturer). Unexcused absences from exams or failure to submit cases will result in zero grades in the calculation of numerical averages. Exams are collected at the end of examination periods.

Academic integrity

Be aware of the rules in Université Paris Dauphine about plagiarism and cheating during exams. All work turned in for this course must be your own work, or that of your own group. Working as part of a group implies that you are an active participant and fully contributed to the output produced by that group.