

Capital University of Economics and Business

Overseas Chinese College

Course Syllabus

<u>Year and Semester</u>	2019 Fall (September 2, 2019 – January 12, 2020)
<u>Course Name</u>	Finance
<u>Course Code</u>	MFIN221
<u>Course Type</u>	<input type="checkbox"/> General Education (Required) <input type="checkbox"/> General Education (Elective) <input type="checkbox"/> Professional Course (Required) <input checked="" type="checkbox"/> Professional Course (Elective) <input type="checkbox"/> Basic Disciplinary Course
<u>Course Credits</u>	3
<u>Course Hours</u>	51
<u>Prerequisites</u>	None
<u>Instructor</u>	Manqiu Wei (Eunice Wei)
<u>Contact Information</u>	Office: C203 Tele: (010)8395 1085 Email:eunicewei2013@163.com
<u>Office Hour</u>	T: 11:00-12:00; 15:30-16:30; TH: 13:30-15:30; F: 15:30-17:30.
<u>Learning Centre</u>	M: 13:30-15:30; M: 18:00-20:00.
<u>Grade/Section</u>	2017BA/Y01
<u>Course Time/Place</u>	M: 15:40—17:30 / BX204 T: 10:10—11:00 / BX204
<u>Textbook</u>	Stephen A. Ross et al. <i>Fundamentals of Corporate Finance, 10th Edition</i> , China Machine Press, Beijing, ISBN: 978-7-111-44907-2

Reference Books

1. Zvi Bodie et al. *Investments, 10th Edition*, China Machine Press, Beijing, ISBN: 978-7-111-58160-4

Course Description

This course aims to equip students with fundamental knowledge of corporate finance. Topics covered include time value of money, discounted cash flow valuation, interest rate and bond valuation, stock valuation, NPV and other investment criteria, risk & return & security market line, cost of capital, raising capital, foreign exchange rate and exchange rate risk.

Student Learning Objectives

After completing this course, students should be able to:

- Discuss financial management functions, agency problems;
- Explain concept of time value of money and apply discounted cash flow techniques;
- Describe characteristics of bonds, issuers, sectors and types of bonds
- Calculate bond values and yields, understand interest rate risk;
- Describe features of stocks, and apply valuation models to assess stocks;
- Apply NPV, IRR and other project techniques to project evaluation;
- Explain risk, return, and the security market line.

- Calculate cost of capital;
- Describe different ways of raising capital;
- Explain exchange rate quotation, and exchange rate risk.

Website Source

1. <https://finance.sina.com.cn/>
2. [http:// www.sse.com.cn](http://www.sse.com.cn) Shanghai Stock Exchange
3. <https://www.nyse.com/index> New York Stock Exchange

Teaching Methods

This course contains lectures, class discussions, homework, quizzes, presentation and exams. Textbook content will be introduced first. Then real case and practice questions will be delivered to students as a way to test their understanding of the knowledge. This will require individual or group assignment in or after class.

Grade Criterion

Component	Weight	Description
Final Exam	20%	A cumulative final examination will be given based on all of the contents of the class. The exam paper may be composed of multiple-choice questions, short answer questions, essay questions, problems. Students should rely primarily on homework assignments to give them a sense of what they may see for material on exams.
Mid-Term Test	20%	A cumulative midterm test will be given based on all of the contents that have been taught in class. The test paper may be mainly composed of multiple-choice questions and it should be completed within 50 minutes in class.
Homework	15%	Most of the assigned homework is taken from the Exercises in the textbook. Assignments will be collected at the clearly stated date. Late assignments will not be accepted. The graded assignments will be kept by the tutor for reference and won't be returned to students.
Quizzes	15%	There will be at least 2 quizzes during the semester. Quizzes may or may not be announced in advance. It may also be used as a way to check the attendance. Quizzes will test your knowledge of both concepts and the application of those concepts.
Presentation	10%	The students will be divided into several groups to prepare a presentation. Each student is required to be involved in the presentation. The topics can be selected from the textbook or lectures or course related materials. Each group needs to finish a PPT related to the topic which is given, and hand in the related resources to the teacher before the presentation.
Participation	10%	Individuals will be asked to participate individually in a question and answer at least 5 times during the semester. The performances should be counted in their participation.
Attendance	10%	Refer to attendance policy listed below

Total	100%	
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Detailed Grade Computation

	Before Midterm	After Midterm
Attendance	5%	5%
Participation	5%	5%
Homework	5%	10%
Quizzes	5%	10%
Presentation		10%
Midterm test	20%	
Final exam		20%
Total	40%	60%

Grading Policy

A+ 97-100	A 93-96	A- 90-92	B+ 87-89	B 83-86	B- 80-82
C+ 75-79	C 70-74	C- 67-69	D+ 63-66	D 62-60	F 0-59

Exam Schedule

Midterm Test: Oct.28- Nov.1, 2019;

Final Exam: January 1-10, 2020

Assessment of Student Performance

☞ Self-Study and Reading ability Practice

Instructor will give out the chapters or the reference books to read and use class hours to have discussion; students should be able to show a proactive attitude and ability for self-study and reading. Knowledge and oral English will be elements of homework or presentation score.

☞ Homework

Students should finish their homework by themselves. Copying from others will be treated as cheating and the homework scores will be lowered. Students should hand in all assignments on time. Late assignments will be accepted at the discretion of the instructor (i.e., when the student was ill or had an excused absence). Late assignments without reasonable proof will be reduced in score by 50%.

☞ Attendance

Because the course covers a great deal of material, attending every class session is very important for performing well.

- ◆ Being late for 15 minutes or more is considered an absence.
- ◆ Five hours or above of unexcused absences will result in the lower level of the final grade by one grade band (e.g. from C – to D +). Any excused absence must be discussed directly with the teacher.
- ◆ Absence which is more than 1/3 of the total teaching hours will cause an F (a failing grade) directly.

But students are welcome to continue attending classes.

- ◆ An incomplete grade (I) will be considered in case of medical or family emergencies.

☞ Participation

- ♦ Students should participate in classes actively. Half of participation grade is determined by their presentation in class. They are encouraged to ask questions relevant to the subject and express their own opinions. Every student should respect the ideas, opinions, and questions of their classmates.
- ♦ Students should also use office hours to ask questions or talk with the instructor for good communication and effective learning.
- ♦ Frequent visiting the instructor and chatting in English during office hours is highly recommended.
- ♦ Any misbehavior and non-class related activities in class will result in the lower level of the participation grade, including ringing cell phones.
- ♦ All above behaviors will be solely evaluated by the instructor for scoring.

☞ Textbook

Students must bring the textbook to class.

Topical Course Outline

Week	Date	Topics
1	Sep. 2	<ul style="list-style-type: none"> ● Syllabus ● Chapter 1 Introduction To Corporate Finance 1.1 Corporate Finance and the Financial Manager 1.2 Forms of Business Organization 1.3 The Goal of Financial Management 1.4 The Agency Problem and Control
	Sep. 3	1.5 Financial Markets and the Corporation — Summary ** Bilingual
2	Sep. 9	<ul style="list-style-type: none"> ● Chapter 5 Introduction To Valuation: The Time Value Of Money 5.1 Future Value and Compounding 5.2 Present Value and Discounting
	Sep. 10	5.3 More about Present and Future Values — Summary ** Bilingual
3	Sep. 16	<ul style="list-style-type: none"> Chapter 6 Discounted Cash Flow Valuation 6.1 Future and Present Values of Multiple Cash Flows 6.2 Valuing Level Cash Flows: Annuities and Perpetuities 6.3 Comparing Rates: The Effect of Compounding
	Sep. 17	6.4 Loan Types and Loan Amortization — Summary ** Bilingual
4	Sep. 23	— Comprehensive Exercises and explanations for 5&6
	Sep. 24	<ul style="list-style-type: none"> Chapter 7 Interest Rates And Bond Valuation 7.1 Bonds and Bond Valuation 7.2 More about Bond Features 7.3 Bond Ratings 7.4 Some Different Types of Bonds
5	Sep.30	7.5 Bond Markets 7.6 Inflation and Interest Rates 7.7 Determinants of Bond Yields

		— Summary ** Bilingual
	Oct.1	Chapter 8 Stock Valuation 8.1 Common Stock Valuation 8.2 Some Features of Common and Preferred Stocks
6	Oct.7	— (National Day Holiday) (tentative)
	Oct.8	— (National Day Holiday) (tentative)
7	Oct.14	8.3 The Stock Markets — Summary ** Bilingual
	Oct.15	— Comprehensive Exercises and explanations for chapter 7&8
8	Oct.21	Chapter 9 Net Present Value And Other Investment Criteria 9.2 The Payback Rule 9.3 The Discounted Payback 9.4 The Average Accounting Return
	Oct.22	9.1 Net Present Value 9.5 The Internal Rate of Return 9.6 The Profitability Index — Summary ** Bilingual
9	Oct.28	● Midterm Test
	Oct.29	Chapter 13 Return, Risk, And The Security Market Line 13.1 Expected Returns and Variances 13.2 Portfolios 13.3 Announcements, Surprises, and Expected Returns 13.5 Diversification and Portfolio Risk
10	Nov. 4	13.6 Systematic Risk and Beta 13.7 The Security Market Line — Summary ** Bilingual
	Nov. 5	—Comprehensive Exercises and explanations for chapter 9&13
11	Nov. 11	Chapter 14 Cost of Capital 14.1 The Cost of Capital: Some Preliminaries 14.2 The Cost of Equity 14.3 The Costs of Debt and Preferred Stock
	Nov. 12	14.4 The Weighted Average Cost of Capital — Summary ** Bilingual
12	Nov.18	Chapter 15 Raising Capital 15.1 The Financing Life Cycle of a Firm 15.2 Selling Securities to the Public 15.3 Alternative Issue Methods 15.4 Underwriters 15.5 IPOs and Underpricing 15.7 The Costs of Issuing Securities
	Nov. 19	15.8 Rights Offering 15.9 Dilution — Summary ** Bilingual
13	Nov. 25	— Comprehensive Exercises and explanations for chapter 14&15
	Nov. 26	Chapter 21 international corporate finance 21.1 Terminology 21.2 Foreign Exchange Markets and Exchange Rates 21.3 Purchasing Power Parity
14	Dec. 2	21.4 Interest Rate Parity and the International Fisher Effect
	Dec. 3	21.6 Exchange Rate Risk — Summary ** Bilingual

15	Dec. 9	— Comprehensive Exercises and explanations for chapter 21
	Dec. 10	— Comprehensive Exercises and explanations
16	Dec. 16	— Revision — ** Bilingual
	Dec. 17	— Presentation
17	Dec. 23	— Presentation
	Dec. 24	— Revision

Note: Some chapters or sections may leave for self-study, this is the students' duty to learn and understand, they may also be included in the quizzes or exams.

A review in Chinese may be held during L.C. and O.H. in the semester.

Teacher's Office Hour

- ♦ The instructor's office hour is shown in the front of the office door.
- ♦ Students are suggested to use the instructor's office hour and learning center to ask questions or talk with the instructor once at least per week for good communication and effective learning, which is recorded in the students' participation.
- ♦ The time can be scheduled by instructors or students, or both.

Cheating and Plagiarism

Cheating is not tolerated. Any student caught cheating on a quiz; test or exam will be given a mark of zero (0) for the particular work. At the beginning of the semester the definition of plagiarism will be carefully explained, when any thoughts or writings of another person are used, they must be clearly identified (usually one uses quotation marks) and the source notes. **If any student is caught cheating on any homework assignment, the highest score the student can earn in that course is a "C".**

Important Dates

Fall Semester, 2019	September 2, 2019 – January 12, 2020
Sept. 2	Classes Begin
Sept.13	Mid-Autumn Festival (tentative)
Oct.1	National Day Holiday (tentative)
Oct.28- Nov.1	Midterm Test (tentative)
Jan.1, 2020	New Year's Day Holiday
Jan. 1-10,2020	Final Exam Period

Note: This syllabus is tentative and may be changed or modified throughout the semester. All students will be notified and a new syllabus will be given.

Instructor: Eunice Wei

Department Head: _____

