Number of ECTS credits: 6
One ECTS credit represents about 27.5 hours of work, so the workload for a 6 ECTS credits course is about 165 hours, or - spread over 15 weeks - 11 hours per week. This includes the class meetings (three hours per week), so I expect you to work for this class eight hours per week outside class.

Contact Details for Professor:

Instructor: Drs. Marc Van Gastel, MSc, MBA
Office: Pleinlaan 5, Brussels
Class Hours: Monday 16:30-19:30
Office Hours: Monday 15:30-16:30 (by appointment)
Email: mv gastel@vesalius.edu and marc@vangastel.cc please put "BUS221G" in the subject line
Telephone: +477 46 95 15 (only in emergencies)

Course Prerequisites: BUS141P, STA101P

Course Description:
This course focuses on establishing the operating and technical foundation for financial decision-making in firms. Many of the fundamental concepts and tools that will be introduced apply equally well one’s own personal financial management. Students will learn about: the structure of the firm and financial markets, the notion of time impact on money, the trade-off between risk and return, the approach to balance investments with capital funding, the impact of firm’s financial policy on leverage and shareholders’ return, the management of the funds needed for operations, the advantage of utilizing financial tools, Mergers & Acquisitions and the implications of corporate finance in a global context.

Learning Objectives:
After completing this course, you should be able to acquire knowledge and understanding of:

- Business and its functional fields, including financial markets operating mechanism, financial management goals and implications, and principles of corporate governance
- The position and roles of the financial manager in a company
- Firms and markets and their external environment
- Read and interpret balance sheets, income statements and cash flow statements
- Process and analyze data, using the appropriate tools, e.g. analyze financial statements and perform financial planning, applying various models
- Quantitative and qualitative research to find and analyze stock information
- Identify, analyze and solve a financial problem, i.e. perform valuation of future and discounted cash flows; employ the concepts of bond and equity valuation
- Input data, generate and interpret results, and identify additional need for research
- Being able to critically evaluate existing research, question the status quo, and provide alternative solution possibilities; to make a justified investment decision applying project analysis and evaluation of multiple investment criteria
Learning Objective Outcomes: What you should learn:

1. **Acquisition of knowledge** and understanding is achieved through extensive reading and lecturing on indicated topics. Checkup exercises intended as homework that are building on the existing exercises that are solved together in class are used liberally throughout the course to stimulate learning and comprehension and form part of the homework/participation grading. Students will gain breadth and depth of the topics by reading, participating in course discussions, analyzing (class) assignments, and thorough exam preparation.

2. Students can expand their **knowledge** base by actively participating in academic research for assignment completion. Students will become accustom to using the Internet for academic purposes, using periodicals, and peer-reviewed journals.

3. Students will be expected to use good **judgment** in critical analysis and evaluation of current research and case evaluation.

4. **Communicate** effectively on financial (business) topics and concepts.

5. Develop an effective **attitude** that will assist the student in their development academically, ethically, analytical, and to become more financially oriented.
<table>
<thead>
<tr>
<th>Major Learning Objectives</th>
<th>Course Learning objectives addressing the Major Objectives (choose the most important ones that your course actually addresses)</th>
<th>Methods used to Teach Course Objectives</th>
<th>Methods (and numbers/types of assignments) used to test these learning objectives</th>
<th>Type, Timing and Numbers of Feedback given to Student</th>
</tr>
</thead>
<tbody>
<tr>
<td>The bachelor is able to work in a multi-cultural/diverse team.</td>
<td>Project teams to complete the final case.</td>
<td>A small team of 5 students will be compiled of multicultural/diverse members.</td>
<td>Students will research their given topic to a high standard, which includes for the final case the framework, defense, and case presentation. Final reflection report.</td>
<td>Students receive feedback from the instructor during the presentation and in a short report.</td>
</tr>
<tr>
<td>The bachelor recognizes the importance of life-long learning.</td>
<td>There will be multi-disciplinary perspective in his analysis of both Financial cases.</td>
<td>All concepts are revisited during course lectures to ensure a comprehensive knowledge base.</td>
<td>There is an individual case and a final group case paper due, for self-reflection and evaluation. The learning objective can be seen through group work. Midterm case and exam discussion and final reflection report.</td>
<td>The reflection report comments on their (financial) academic path and how they will progress in their future career(s). Feedback will be provided.</td>
</tr>
<tr>
<td>The bachelor is able to communicate clearly, fluently and accurately; as well in a written report as in an oral presentation.</td>
<td>How to structure and compose an academic essay, based on alternative and off-conflicting theoretical approaches.</td>
<td>Preparation for their project defense, and presentation exercise.</td>
<td>This class assesses both oral and written expression, through a variety of written and oral assignments, which include final project defense, and client presentation. There will be three formal presentations, and weekly classroom discussion. This future can be seen through group work. Midterm and final reflection report.</td>
<td>Feedback will be provided.</td>
</tr>
<tr>
<td>The bachelor knows and is able to apply common qualitative and quantitative research methods and is able to apply these in the field of financial business studies.</td>
<td>The learner will gain a better understanding of the use of financial methodologies through the utilization of research knowledge.</td>
<td>Students will work together to establish and deliver a financial case study project that illustrates the foundation of research knowledge and comprehension.</td>
<td>Students will research their given topic to a high standard, which includes project, defense, and project presentations. Midterm and final reflection report.</td>
<td>Students receive feedback from the instructor.</td>
</tr>
<tr>
<td>The bachelor has an open and academic attitude characterized by accuracy, critical reflection and academic curiosity.</td>
<td>Students will engage in understanding the need to critically evaluate their personal behavior and analytical skills. This will be reflected in critical thinking, inquiry, and reflection.</td>
<td>All concepts are revisited during course lectures to ensure comprehensive knowledge base.</td>
<td>There is an individual midterm case due, for post-evaluation. Midterm discussion and final reflection report.</td>
<td>The reflection reports on their academic career and how they will progress in their future. Feedback will be provided.</td>
</tr>
</tbody>
</table>
Class Schedule:

Classes will be held at the following times:

Monday 16:30-19:30

Course Materials:

Text: Fundamentals of Corporate Finance
Jonathan Berk (Author), Peter DeMarzo (Author), Jarrad Harford (Author)
Amazon.co.uk £50.34

Further Reading:

Investing:

Acceptable Additional Reading Cite:
- Economist www.economistacademic.com
- Financial Times www.ft.com
- Business Week - http://www.resourcecenter.businessweek.com
- Bloomberg- www.bloomberg.com
- Wall Street Journal - www.wsjstudent.com
- CNN- www.cnn.com

Register for the Financial Times by going to the VUB library web site:
http://www.vub.ac.be/BIBLIO/index_en.html > Databases > F. You should use your VUB mail address as your user name. Once registered, you have full access to the Financial Times site (ft.com ), and you can every morning download a pdf of the newspaper: go to http://ftepaper.ft.com; click on the European edition; then click on the floppy disk icon (top right) and choose "Download Newspaper PDF."

Course Assessment

Students will be evaluated on the basis of their performance in the following areas:

- Class or Home exercises 10%
- Individual Case 10%
- Midterm Exam 25%
- Group Case 20%
- Final Exam 35%

Class based exercises/ Homework ("class or home work"): At my discretion, I will ask the students a short spot test/exercise or homework about once a week, which will cover the textbook material that students were required to prepare (read) prior to class OR the material covered in the session(s) of the current week.
The (4-5) exercises will in aggregate account for **10%** of your final grade. Each exercise is handed in at the beginning of the next class.

**Class based Exercises Grading Criteria - Rubrics**

<table>
<thead>
<tr>
<th>Points</th>
<th>If...</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>The student clearly understands how to solve the exercise. Minor mistakes and careless errors can appear insofar as they do not indicate a conceptual misunderstanding.</td>
</tr>
<tr>
<td>1</td>
<td>The student has partially understood the exercise. The student is not completely lost, but requires tutoring in some of the basic concepts. The student may have started out correctly, but gone on a tangent or not finished the problem.</td>
</tr>
<tr>
<td>0</td>
<td>The student did not understand the exercise. They may have written some appropriate formulas or diagrams, but nothing further. Or, they may have done something entirely wrong or wrote (almost) nothing.</td>
</tr>
</tbody>
</table>

**Assignments:**

There will be **1 assignment** in each half of the course, i.e., 1 assignment before and 1 after the midterm exam. The first will be individual, the second one a group assignment. Selected students will be asked to present their results and solutions of the individual assignment at the start of the next session.

The first (individual) assignment carries **10%** of your final grade. The second assignment accounts for **20%** of your final grade.

Late Assignments are not accepted! They will be graded F.

**Individual Assignment Grading Criteria – Rubrics**

<table>
<thead>
<tr>
<th>Points</th>
<th>If...</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>The student clearly understands how to solve the problem. Minor mistakes and careless errors can appear insofar as they do not indicate a conceptual misunderstanding.</td>
</tr>
<tr>
<td>4</td>
<td>The student understands the main concepts and problem-solving techniques, but has some minor yet non-trivial gaps in their reasoning.</td>
</tr>
<tr>
<td>3</td>
<td>The student has partially understood the problem. The student is not completely lost, but requires tutoring in some of the basic concepts. The student may have started out correctly, but gone on a tangent or not finished the problem.</td>
</tr>
<tr>
<td>2</td>
<td>The student has a poor understanding of the problem. The student may have gone in a not-entirely-wrong but unproductive direction, or attempted to solve the problem using pattern matching or mechanical or unthinking routine.</td>
</tr>
<tr>
<td>1</td>
<td>The student did not understand the problem. They may have written some appropriate formulas or diagrams, but nothing further. Or, they may have done something entirely wrong.</td>
</tr>
<tr>
<td>0</td>
<td>The student wrote nothing or almost nothing.</td>
</tr>
</tbody>
</table>
### Group Assignment Grading Criteria – Teamwork Rubrics

<table>
<thead>
<tr>
<th>Component</th>
<th>Sophisticated 2</th>
<th>Competent 1</th>
<th>Unsatisfactory 0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Teamwork</td>
<td>The team worked well together to achieve objectives. Each member contributed in a valuable way to the project. All data sources indicated a high level of mutual respect and collaboration.</td>
<td>The team worked well together most of the time, with only a few occurrences of communication breakdown or failure to collaborate when appropriate. Members were mostly respectful of each other.</td>
<td>Team did not collaborate or communicate well. Some members would work independently, without regard to objectives or priorities. A lack of respect and regard was frequently noted.</td>
</tr>
<tr>
<td>Contribution</td>
<td>All requirements and objectives are identified, evaluated and completed. The deliverable offered new information or approach to the topic under discussion.</td>
<td>All requirements are identified and evaluated, but some objectives are not completed. The deliverable offered some new information or approach to the topic under discussion. The application is reasonable; further analysis of some of the alternatives or constraints may have led to a different recommendation.</td>
<td>Many requirements and objectives are not identified, evaluated and/or completed. The deliverable offered no new information or approach to the topic under discussion. Few application considerations are analyzed and other factors were ignored or incompletely analyzed.</td>
</tr>
<tr>
<td>Subject Knowledge</td>
<td>The deliverable demonstrated knowledge of the course content by integrating major and minor concepts into the response. The deliverable also demonstrated evidence of extensive research effort and a depth of thinking about the topic.</td>
<td>The deliverable demonstrated knowledge of the course content by integrating major concepts into the response. The deliverable also demonstrated evidence of limited research effort and/or initial thinking about the topic.</td>
<td>The deliverable did not demonstrate knowledge of the course content, evidence of the research effort or depth of thinking about the topic.</td>
</tr>
<tr>
<td>Supporting Material</td>
<td>All relevant information such as formulas and variables were recognized or obtained and information sources were valid. Analysis and design considerations were well supported by the information.</td>
<td>Sufficient information was obtained and most sources were valid. Analysis and design considerations were mostly supported by the information.</td>
<td>Insufficient information was obtained and/or Sources lack validity. Analysis and design considerations were not supported by the information collected.</td>
</tr>
<tr>
<td>Composition</td>
<td>The deliverable was well organized and clearly written. The underlying logic was clearly articulated and easy to follow.</td>
<td>The deliverable was organized and clearly written for the most part. In some areas the logic and/or flow of ideas were difficult to follow.</td>
<td>The deliverable lacked overall organization. The reader needs to make considerable effort to understand the topic.</td>
</tr>
<tr>
<td>Words and formulas were chosen that precisely expressed the intended meaning and supported reader comprehension. Tables were clearly organized and conclusions were clearly indicated. Sentences were grammatical and free of spelling errors.</td>
<td>Words and formulas were well chosen with some minor expectations. Tables were consistent and based on the data provided. Sentences were mostly grammatical and/or only a few spelling errors were present but they did not hinder the reader.</td>
<td>underlying logic and flow of ideas. Tables were inconsistent with the data provided. Grammatical and spelling errors made it difficult for the reader to interpret the text in places.</td>
<td></td>
</tr>
</tbody>
</table>

**Midterm Exam:**

The midterm exam will cover all the topics covered in class during the first six (6) weeks of the term. The exam consists of a number of exercises, similar to those discussed in class or given as assignments and some theory questions (multiple choice and open questions).

The Midterm Exam accounts for **25%** of the final grade. Rubrics can be found in the next section of this syllabus.

**Final Exam:**

The final exam will cover all the topics covered in class during the last six (6) weeks of the term. The exam consists of a number of exercises, similar to those discussed in class or given as assignments and some theory questions (multiple choice and open questions).

The Final Exam accounts for **35%** of the final grade. Rubrics can be found in the next section of this syllabus.
### Exam & Assignment Grading Criteria - Rubrics

<table>
<thead>
<tr>
<th>Understanding</th>
<th>Excellent (A)</th>
<th>Good (B)</th>
<th>Fair (C)</th>
<th>Poor (D-F)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The solution shows a deep understanding of the problem including the ability to identify the appropriate mathematical concepts and the information necessary for its solution.</td>
<td>• The solution shows that the Student has a broad understanding of the problem and the major concepts necessary for its solution.</td>
<td>• The solution is not complete indicating that parts of the problem are not understood.</td>
<td>• There is no solution, or the solution has no relationship to the task.</td>
<td></td>
</tr>
<tr>
<td>• The solution completely addresses all financial components presented in the task.</td>
<td>• The solution addresses some, but not all of the financial components presented in the task.</td>
<td>• The solution addresses none of the financial components presented in the task.</td>
<td>• Inappropriate concepts are applied and/or procedures are used.</td>
<td></td>
</tr>
<tr>
<td>• The solution puts to use the underlying mathematical concepts upon which the task is designed.</td>
<td>• The solution shows that the Student has a broad understanding of the problem and the major concepts necessary for its solution.</td>
<td>• Inappropriate concepts are applied and/or procedures are used.</td>
<td>• The solution shows none of the financial components presented in the task.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Strategies, Reasoning, Procedures</th>
<th>Excellent (A)</th>
<th>Good (B)</th>
<th>Fair (C)</th>
<th>Poor (D-F)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Uses a very efficient and sophisticated strategy leading directly to a solution.</td>
<td>• Uses a strategy that leads to a solution of the problem.</td>
<td>• Uses a strategy that is partially useful, leading some way toward a solution, but not to a full solution of the problem.</td>
<td>• No evidence of a strategy or procedure, or uses a strategy that does not help solve the problem.</td>
<td></td>
</tr>
<tr>
<td>• Employs refined and complex reasoning.</td>
<td>• Uses effective mathematical reasoning.</td>
<td>• Some evidence of mathematical reasoning.</td>
<td>• No evidence of mathematical reasoning.</td>
<td></td>
</tr>
<tr>
<td>• Applies procedures accurately to correctly solve the problem and verify the results.</td>
<td>• Financial procedures used.</td>
<td>• Could not completely carry out financial procedures.</td>
<td>• There were so many errors in financial procedures that the problem could not be solved.</td>
<td></td>
</tr>
<tr>
<td>• Verifies solution and/or evaluates the reasonableness of the solution.</td>
<td>• All parts are correct and a correct answer is achieved</td>
<td>• Some parts may be correct, but a correct answer is not achieved.</td>
<td>• No evidence of a strategy or procedure, or uses a strategy that does not help solve the problem.</td>
<td></td>
</tr>
<tr>
<td>• Makes mathematically relevant observations and/or connections.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Communication</th>
<th>Excellent (A)</th>
<th>Good (B)</th>
<th>Fair (C)</th>
<th>Poor (D-F)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• There is a clear, effective explanation detailing how the problem is solved. All of the steps are included so that the reader does not need to infer how and why decisions were made.</td>
<td>• There is a clear explanation.</td>
<td>• There is an incomplete explanation; it may not be clearly presented.</td>
<td>• There is no explanation of the solution, the explanation cannot be understood or it is unrelated to the problem.</td>
<td></td>
</tr>
<tr>
<td>• Financial representation is actively used as a means of communicating ideas related to the solution of the problem.</td>
<td>• There is appropriate use of accurate financial representation.</td>
<td>• There is some use of appropriate financial representation.</td>
<td>• There is no use or inappropriate use of financial representations (e.g. figures diagrams, graphs, tables, etc.).</td>
<td></td>
</tr>
<tr>
<td>• There is precise and appropriate use of financial terminology and notation.</td>
<td>• There is effective use of financial terminology and notation.</td>
<td>• There is some use of financial terminology and notation appropriate of the problem.</td>
<td>• There is no use, or mostly inappropriate use, of financial terminology and notation.</td>
<td></td>
</tr>
</tbody>
</table>
**Additional Course Policies**

1. **Use of Electronics:**
   
   A. This course, due to its nature, heavily relies on the use of a calculator. Students should bring to all classes a calculator that is capable of $x^2$ or $^\wedge$ (power) functions. A financial calculator is preferred ((such as the Texas Instruments ba ii plus or the Hewlett Packard 12c) and allowed during the exams. Students must be able to use their calculators, as there is little time during the course to learn how to use these (a few exercises will be solved during classes however).

   *Note: The use of calculators is permitted and in fact essential during both midterm and final exams. Make sure to bring spare batteries. Students must not rely on using the calculator function nor specific apps on their mobile phones since the latter are not permitted during exams.*

   B. Given the nature of the course, certain exercises require the use of computers. Students that do not have a computer will be paired with others that do. However, the use of computers (incl. tablets, smartphones) is prohibited for any purposes other than solving exercises. Specifically, all email and social media applications must be switched off. Any offenders will be asked to leave the class immediately and lose all points for the day (including class tests).

   *Note that the use of computers will not be allowed during midterm & final exams.*

   C. **Mobile phones** are to be turned off (not: silent mode). If your mobile phone rings in class, please turn it off immediately. If you are caught talking on your mobile or texting during class, you will be asked to leave the class immediately and lose all points for the day (including spot tests).

2. **Attendance**
   
   Class attendance will be checked at the start of each session. No students will be admitted later than 15 minutes after the start of the session.

3. **Exams**
   
   Midterm and Final Exams will be "closed book". Students may use a (financial) calculator. Students may not use mobile phones or tablets (in lieu of calculator). Students are not allowed to pass materials (incl. calculators) to others during the exam.

   Students are not allowed to leave the classroom during the exam. In case of an emergency, another member of faculty or administration must escort the student out of the classroom.

   If students finish their exam before the final 15 minutes of the exam session, they will be permitted to leave. If not, students must remain seated during the last 15 minutes of the exam and wait until the completion of the exam session.

   If a student if found to be cheating, the result is an immediate F grade, and the instructor is required to report the student to the Student Conduct Committee.

**Academic Honesty Statement**

1. Academic dishonesty is NOT tolerated in this course.

2. Academic honesty is not only an ethical issue but also the foundation of scholarship. Cheating and plagiarism are therefore serious breaches of academic integrity.

3. Following the College policy, cheating and plagiarism cases will be communicated in writing to the Associate Dean for Students and submitted to the Student Conduct Committee for disciplinary action.

4. If you refer to someone else's work, appropriate references and citations must be provided. Grammar, spelling and punctuation count, so use the tools necessary to correct before handing in assignments.
Course Schedule

Week 1 January 22

Introduction
Course overview/syllabus discussion
Course setup/organization
Workload and planning

Formula Sheets containing the formulas needed to solve exercises as part of the course will be distributed to the students; these can be used during the course, but not during the exams. At the start of the exams the Examiner will distribute new (fresh) Formula Sheets.

CH.1 Corporate Finance and the Financial Manager
   Why Study Finance?
   The Types of Firms
   The Financial Manager
   The Stock Market
Course Textbook: Pages 31-51

Week 2 January 29

CH.2 Introduction to Financial Statement Analysis:
   The Balance Sheet
   The Income Statement
   The Statement of Cash Flows
   Other Financial Statement Information
   Financial Statement Analysis: the Ratio's
Course Textbook: Pages 53-95

Week 3 February 5

CH.3 Time Value of Money: An Introduction
   Cost-Benefit Analysis
   Market Prices and the Valuation Principle
   The Time Value of Money and Interest Rates
   Valuing Cash Flows at Different Points in Time
Course Textbook: Pages 99-114

Week 4 February 12

CH.4. Time Value of Money: Valuing Cash Flow Streams
   Valuing a Stream of Cash Flows
   Perpetuities
   Annuities
   Growing Cash Flows
   Solving for Variables Other Than Present Value or Future Value
Course Textbook: Pages 119-145
Using a Financial Calculator: Appendix pages 152-154

Launch Individual Case I (before Midterm exam):– NEEDS TO BE HANDED IN MARCH 5

Week 5 February 19

CH.5. Interest Rates
   Interest Rate Quotes and Adjustments
   Application: Discount Rates and Loans
   The Determinants of Interest Rates
   The Opportunity Cost of Capital
Course Textbook: Pages 155-176

CH.6. Bonds
   Bond Terminology
Zero-Coupon Bonds  
Coupon Bonds  
Why Bond Prices Change  
Corporate Bonds  
Course Textbook: Pages 183-206

**Week 6 February 26**

**CH.7 Stock Valuation**  
Stock Basics  
The Mechanics of Stock Trades  
The **Dividend-Discount Model**  
Estimating Dividends in the Dividend-Discount Model  
Limitations of the Dividend-Discount Model  
Share Repurchases and the Total Payout Model  
Course Textbook: Pages 221-241

Preparation – Exercises - Questions

**Week 7 March 5**

**HAND IN Case 1: xxxxxx. Monday March 5 by midnight via email**

**17:30 – 19:30 Mid Term Exam**

**Week 8 March 12**

Corrected Midterm case I  
Corrected Midterm Exam

**CH.8 Investment Decision Rules**  
The **NPV Decision Rule**  
Using the NPV Rule  
Alternative Decision Rules  
Choosing Between Projects  
Evaluating Projects with Different Lives  
Choosing Among Projects When Resources Are Limited  
Course Textbook: Pages 251-280

**Week 9 March 19**

**CH.9 Fundamentals of Capital Budgeting**  
The Capital Budgeting Process  
Forecasting Incremental Earnings  
Determining Incremental **Free Cash Flow**  
Other Effects on Incremental Free Cash Flows  
Analysing the Project  
Course Textbook: Pages 289-313

**CH.10 Stock Valuation: A Second Look**  
The Discounted Free Cash Flow Model **DCF**  
Valuation Based on Comparable Firms Information, Competition, and Stock Prices  
Course Textbook: Pages 327-345

**Week 10 March 26**

**CH.11 Risk and Return in Capital Markets**  
A First Look at Risk and Return  
Historical Risks and Returns of Stocks  
The Historical Tradeoff Between Risk and Return  
Common Versus Independent Risk
Diversification in Stock Portfolios
The real thing: how to beat the stock market – or can you?
Course Textbook: Pages 359-383

CH.12 Systematic Risk and the Equity Risk Premium
The Expected Return of a Portfolio
The Volatility of a Portfolio
Measuring Systematic Risk
Putting it All Together: The Capital Asset Pricing Model CAPM
Course Textbook: Pages 391-417

Spring Recess April 2 - 13

Week 11 April 16

CH.13 The Cost of Capital
A First Look at the Weighted Average Cost of Capital WACC
The Firm’s Costs of Debt and Equity Capital
A Second Look at the Weighted Average Cost of Capital
Using the WACC to Value a Project
Project-Based Costs of Capital
When Raising External Capital Is Costly
Course Textbook: Pages 427-445

CH.14 Raising Equity Capital
Equity Financing for Private Companies
Taking Your Firm Public: The Initial Public Offering IPO
IPO Puzzles
The Seasoned Equity Offering SEO
Course Textbook: Pages 457-414

CH.15 Debt Financing
Corporate Debt
Course Textbook: Pages 487-492

Launch Group Case II (before Endterm exam): needs to be presented May 7

Week 12 April 23 NO CLASS – OWN STUDY

CH.16 Capital Structure
Capital Structure Choices
Capital Structure in Perfect Capital Markets
Debt and Taxes
The Costs of Bankruptcy and Financial Distress
Optimal Capital Structure: The Tradeoff Theory
Capital Structure: Putting It All Together
Course Textbook: Pages 509-536

Week 13 April 30

CH.16 Capital Structure short discussion

CH.17 Payout Policy
Cash Distributions to Shareholders
Dividends Versus Share Repurchase (in a Perfect Capital Market)
The Tax Disadvantage of Dividends
Payout Versus Retention of Cash
Signaling with Payout Policy
Stock Dividends, Splits, and Spin-offs
Advice for the Financial Manager
Course Textbook: Pages 547-572
CH.20 Short-Term Financial Planning
   Forecasting Short-Term Financing Needs
   The Matching Principle
   Short-Term Financing with Bank Loans
   Short-Term Financing with Commercial Paper
   Short-Term Financing with Secured Financing
   Creating a Short-Term Financial Plan
Course Textbook: Pages 639-656

Week 14 May 7

May 7 (16:30-18:00): Final Case presentation: Integrated Endterm (Group) Case II
(if time allows: Specialist chapter)
CH.22 Mergers and Acquisitions
   Background and Historical Trends
   Market Reaction to a Takeover
   Reasons to Acquire
   The Takeover Process
   Takeover Defenses
   Who Gets the Value Added from a Takeover?
Course Textbook: Pages 697-721

Week 15 May 7 17:30 – 19:30 Final Exam
### Grading Scale of Vesalius College:

Vesalius College grading policy, in line with the Flemish Educational norms, is now as stated follows:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Scale of 20</th>
<th>Scale of 100</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>17.0-20.0</td>
<td>85-100</td>
</tr>
<tr>
<td>A-</td>
<td>16.1-16.9</td>
<td>81-84</td>
</tr>
<tr>
<td>B+</td>
<td>15.3-16.0</td>
<td>77-80</td>
</tr>
<tr>
<td>B</td>
<td>14.5-15.2</td>
<td>73-76</td>
</tr>
<tr>
<td>B-</td>
<td>13.7-14.4</td>
<td>69-72</td>
</tr>
<tr>
<td>C+</td>
<td>13.1-13.6</td>
<td>66-68</td>
</tr>
<tr>
<td>C</td>
<td>12.3-13.0</td>
<td>62-65</td>
</tr>
<tr>
<td>C-</td>
<td>11.5-12.2</td>
<td>58-61</td>
</tr>
<tr>
<td>D+</td>
<td>10.7-11.4</td>
<td>54-57</td>
</tr>
<tr>
<td>D</td>
<td>10.0-10.6</td>
<td>50-53</td>
</tr>
<tr>
<td>F</td>
<td>Below 50</td>
<td>0-49</td>
</tr>
</tbody>
</table>

#### Rationale of grading

<table>
<thead>
<tr>
<th>Letter grade</th>
<th>Scale of 20</th>
<th>Scale of 100</th>
<th>Rationale of grading</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>17.0-20.0</td>
<td>85-100</td>
<td>An excellent work, which demonstrates advanced knowledge of empirical background and theoretical/conceptual frameworks. The work is underpinned by an outstanding capacity for learning, mastering of relevant literature and ability to gather independently assess relevant sources beyond required levels of reading. The proposed analysis draws on solid, critical and original analytical skills and ability to relate theoretical knowledge to empirical cases. The work is well communicated and demonstrates a pertinent and original ability to communicate complex dynamics. The bibliographic and referencing systems are correct.</td>
</tr>
<tr>
<td>A-</td>
<td>16.1-16.9</td>
<td>81-84</td>
<td>A refined piece of work, which demonstrates advanced knowledge of both empirical background and theoretical and conceptual frameworks. The work is underpinned by a good learning attitude; ability to master relevant theoretical literature and coherent attempt to apply this literature to empirical phenomena. Strong critical ability and successful attempt to pursue an original analysis. Adequate reading levels and ability to communicate key findings in an effective way. However, weaknesses can be identified in terms of language, referencing, depth of sources, profundity of analysis and/or organisational structure.</td>
</tr>
<tr>
<td>B+</td>
<td>15.3-16.0</td>
<td>77-80</td>
<td>A good piece of work, sustained by adequate analytical skills. It demonstrates good level of understanding of the relevant theoretical literature and critical ability to apply these frameworks to the topic at hand. Written and oral expression is overall correct, the referencing and bibliographic systems are overall correct. The work could be further improved (minor flaws in the structure of the argument; minor theoretical lacuna), but it remains nonetheless a good piece of work.</td>
</tr>
<tr>
<td>B</td>
<td>14.5-15.2</td>
<td>73-76</td>
<td>An adequate work, which overall meets the requirement of the assignment. It demonstrates a fairly good level of knowledge of both empirical background information and provides some analytical framework. The work meets the requirements of the assignment in terms of mastery of the literature and learning outcomes. Language, reference and bibliographic systems are generally correct although perhaps with some weaknesses. The work could be significantly improved (e.g. flaws in the organisational structure; limited number of sources; clarity and accuracy of language; theoretical/conceptual lacuna; sub-optimal focus/coherence of argument).</td>
</tr>
<tr>
<td>B-</td>
<td>13.7-14.4</td>
<td>69-72</td>
<td>The work meets the basic requirements specifically demanded for the assignment. It shows the attempt to relate with relevant theoretical literature and to apply theoretical frameworks to the analysis of real-life cases. The work, however, does not adequately engage with the critical assessment of either relevant theoretical frameworks or the topic at hand. The work is marked by some combination of flaws in the organisational structure of the paper; theoretical/conceptual lacuna; sub-optimal focus or coherence of the argument; clarity and accuracy of language and/or inappropriate selection of sources.</td>
</tr>
</tbody>
</table>
### Syllabus:

**BUS221G Corporate Finance**  
Winter 2018  

<table>
<thead>
<tr>
<th>Grade</th>
<th>Score Range</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>C+</td>
<td>66-68</td>
<td>The work meets the requirements of the assignment in a sufficient way, but does so in an imprecise and incomplete manner. It shows basic knowledge of both theoretical frameworks and the topic at hand. The proposed analysis is marked by some flaws (e.g. poor structure, theoretical or conceptual coherence; limited analysis; basic engagement with the literature).</td>
</tr>
<tr>
<td>C</td>
<td>62-65</td>
<td>The work engages with the assignment and meets the requirements in a somehow satisfactory, but it is marked by several pitfalls. The work lacks focus, it is poorly structured; it is not sufficiently embedded in the literature; it uncritically tackles the topic at hand. The argument is hard to follow and the referencing and bibliographic systems are overall incorrect.</td>
</tr>
<tr>
<td>C-</td>
<td>58-61</td>
<td>The work does not meet the requirements of the assignment. It engages with the question, but does so in a basic and inadequate way. The work is undermined by several pitfalls. It shows a basic understanding of the module requirements and is jeopardised by major flaws including (but not confined to) a lack of coherence, loose expression, poor coverage of the literature; poor referencing; scant ability to critically assess the topic at hand.</td>
</tr>
<tr>
<td>D+</td>
<td>54-57</td>
<td>The work does not meet the requirements of the assignment. It attempts to address the question, but it remains unfocused and loosely structured. There is an evident lack of reading and scant ability to relate to relevant literature and to engage critically with the topic at hand. Language is poor; the referencing and bibliographic system is incorrect or incomplete.</td>
</tr>
<tr>
<td>D</td>
<td>50-53</td>
<td>The work is marked by serious flaws and below an acceptable level. The rationale of the assignment is not understood nor addressed. The work demonstrates insufficient understanding of the topic at hand and learning outcomes below the required level. The answer is unfocused; expression is unclear; there are severe flaws in the coherence of the argument; engagement with the literature is minimal, referencing is often poor.</td>
</tr>
<tr>
<td>F</td>
<td>0-49</td>
<td>The work does not meet any of the requirements and learning objectives of the course and the Major. The argument is loose, language is poor, no knowledge of relevant theoretical and empirical dynamics. Incorrect or incomplete reference systems and/or likely instances of plagiarism.</td>
</tr>
</tbody>
</table>

### Further description of assessment activities and Grading Criteria:

**Tardiness is not acceptable practice, be on time.**

**Do not talk over the class discussion.**

**You must respect the deadlines for the case studies (resp. October 3 for case 1 and December 5 for case 2; if not your work will not be graded without medical statement).**

Late Assignments will only be accepted with a medical statement:

**With a medical statement the work is due five days after the validation period of the medical statement.**

- 1 Day: 10% reduction off the original grade
- 2 Days: 20% reduction off the original grade
- 3 Days: 30% reduction off the original grade
- 4 Days: 40% reduction off the original grade
- 5 Days: 50% reduction off the original grade

**Written Work and its Assessment:**

**Class Assignments (done weekly, part 1 handed in the week before the Midterm exam, part 2 handed in the week before the Final term exam): total worth 15%**

Each assigned week you will be responsible for solving a checkup exercise in the discussed chapters. You will need to turn in all the exercises at once (divided in the 2 parts, namely the exercises from Chapters 1 to 10 form Part A, the exercises from Chapters 11-22 (there is no chapter 21) form Part 2 - each on the due date (October 3 for Part A, December 5 for part B).
Case Essays (2 worth 10% points and 15% points each totaling 25%)

Case 1: Nanovo Inc.  October 3 by midnight via email
Case 2: Icexo Co.  December 5 by midnight via email

To achieve the highest possible marks, use the following content rubric to guide in your exercises and case solutions.

<table>
<thead>
<tr>
<th>Description</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>1</td>
</tr>
<tr>
<td>Interpretation and Methodology</td>
<td>1</td>
</tr>
<tr>
<td>Data are being interpreted in the right way, the assignment to variables is correct</td>
<td></td>
</tr>
<tr>
<td>Discussion/Analysis</td>
<td>2</td>
</tr>
<tr>
<td>Analysis and Arguments supported by facts, correct usage of formulae</td>
<td></td>
</tr>
<tr>
<td>Conclusion</td>
<td>0.5</td>
</tr>
<tr>
<td>Stating in clear and succinct manner the result of the analysis and main answer to the research question</td>
<td></td>
</tr>
<tr>
<td>Usage of Excel / Financial calculator</td>
<td>0.5</td>
</tr>
<tr>
<td>There are no calculation errors,</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Point and Letter Grade</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
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<tr>
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<tr>
<td>2.5</td>
<td>50%</td>
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<tr>
<td>2</td>
<td>40%</td>
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</tr>
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</tr>
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<td>A</td>
</tr>
<tr>
<td>4</td>
<td>B+</td>
</tr>
<tr>
<td>3.5</td>
<td>B-</td>
</tr>
<tr>
<td>3</td>
<td>C-</td>
</tr>
<tr>
<td>2.5</td>
<td>D</td>
</tr>
<tr>
<td>2</td>
<td>F</td>
</tr>
</tbody>
</table>

Examination (60% in total)

The midterm exam (25%) will cover Chapters 1-10. The exam will consist of multiple choice questions, exercises like in class and a case evaluation. The exam will be held on October 7 from 16:00-18:00 (you are free to go when exam is completed)

The final term exam (35%) will cover Chapters 10-22 (excluding Ch.21&23). The exam will consist of multiple-choice, exercises like in class and a case evaluation. The exam will be held on December 7 from 16:00-18:00 (you are free to go when exam is completed)