

## SYLLABUS

**Date / Revision** 12 Jul 2016/20 Aug 2017/SaT  
**Faculty** Business and Social Sciences  
**Study Programs** MGT/IBA/HTM/INE

### SUBJECT: Corporate Finance

#### 1 Basic Information

<b>1.01</b>	<b>Subject Name</b>	<b>Corporate Finance</b>
<b>1.02</b>	<b>Semester</b>	3
<b>1.03</b>	<b>Level</b>	3
<b>1.04</b>	<b>SKS</b>	4
<b>1.05</b>	<b>Mandatory / Curriculum</b>	F-07
<b>1.06</b>	<b>Subject Code</b>	COFI
<b>1.07</b>	<b>Subject Code</b>	BSS-F-COFI-2000
<b>1.08</b>	<b>Year</b>	2017 (7)
<b>1.09</b>	<b>Quality Control</b>	Final Test, OFSE, see evaluation
<b>1.10</b>	<b>Limitations</b>	Min 12 and Max 32 students in one class
<b>1.11</b>	<b>Combined with</b>	MGT-5, IBA-3, INE-5, HTM-5
<b>1.12</b>	<b>Perquisite</b>	None
<b>1.13</b>	<b>Responsible</b>	Dr. Satiri, Dr. Wiryawan, Dr. Samuel Prasetya
<b>1.14</b>	<b>Revision</b>	20-08-2017/SaT

#### 2 Description of Subject

The subject conducts case study in finance, introduces the application of finance 1 and finance 2 by explaining the condition of finance in a company. The subject will cover financial ratios, weighted average cost of capital, and capital structure of a company.

#### 3 Objectives

- Analysis of financial statements
- Time value of money, interest rates
- Bond and their valuation

- Risk and rates of return
- Stock and their valuation
- The cost of capital
- The basic of capital budgeting
- Cash flow estimation and risk analysis
- Capital structure and leverage
- Distribution to shareholders: dividends and share repurchases
- Working capital management
- Derivatives and risk management
- Multinational financial management
- Hybrid financing: preferred stock, leasing, warrants, and convertible
- Mergers and acquisitions

**4 Competency**

- After having the course, students are expected to:
- Develop in three critical areas: knowledge, and skills of case study.
  - Be able to describe the conceptual and computational building blocks of finance that are necessary foundation for professional competence.
  - Through the successful participation in case studies, placing the students in the position of the decision-maker, promotes confidence and competence in making decisions.
  - Students are also able to build work ethic and persistence; empathy for classmates and decision makers; social awareness of the consequences of decisions and the challenging context for decision makers; and accountability for one’s work.

**5 Learning Approach / Methodology**

- Lectures/ Class contact (time-tabled) supplemented with interactive questions and answers;
- Case discussion and describe the solution of the problem in the company;
- Tutorial/Laboratory/Practice Classes: preview of materials, revision and/or reports writing;
- Student Study Effort: homework/assignment; preparation for test/quizzes/ examination.

**6 Evaluation**

<b>5.1</b>	<b>Absence maximum</b>	25%
<b>5.2</b>	<b>Participation in Discussion</b>	05 Points
<b>5.3</b>	<b>Homework / Classwork</b>	05 Points
<b>5.4</b>	<b>Presentation /Simulation</b>	10 Points
<b>5.5</b>	<b>Daily Quiz</b>	20 Points
<b>5.6</b>	<b>Final Examination</b>	60 Points
	<b>Total</b>	100 Points

**7 Text Book and Reference**

<b>1</b>	<b>Main Text Book:</b> <i>“Case Studies in Finance, 7th Edition -- 2014”</i> , <b>Authors:</b> Bruner, Robert F., Eades, Kenneth M., and Schill, Michael J, Publisher: McGraw-Hill, Irwin, <b>ISBN:</b> 978-1-259-07094-5
<b>2</b>	<b>Supplement Textbooks:</b> <ul style="list-style-type: none"> <li><i>“Essentials of Financial Management, 3rd Edition -- 2014”</i>, <b>Authors:</b> Brigham, Eugene, Joel F. Houston, Hsu Jun-Ming, Kong Yoon Kee, and A. N. Bany-Arifin, Publisher: Cengage Learning Asia Pte, Ltd, Singapore, <b>ISBN:</b> 978-981-4441-37-7</li> </ul>

## 8 Content / Topics of Lecture

Week	Content/Topics of Lecturing	Text Book Chapter	Remark
1	<b>Introduction session &amp; analysis of financial statements:</b> Forms of business organization, Main financial goal, Stockholder-manager conflicts, Business ethics, Liquidity ratio, Asset and debt management ratio, Profitability ratio, Market value ratio, DuPont equation, Using financial ratio to assess performance, Case: The financial detective, 2005.	Ch. 1, Ch. 4 (I) & Ch. 7 (II)	Group formation  Group Topic selections for Group writing project
2	<b>Risk and rates of return &amp; financial planning and forecasting:</b> The risk-return trade-off, Stand-alone risk, Risk in a portfolio context: The CAPM, The relationship between risk and rates of return, Strategic planning, The sales forecast, Forecasted financial statement, Using the yield curve to estimate future interest rate, Case: The boeing 7E7 & Value line publishing: October 2002.	Ch. 8, Ch. 6 (I) & Ch. 17, Ch. 10 (II)	
3	<b>Time value of money:</b> Future values, Present values, Finding interest rate and number of years, Annuities: ordinary annuities and annuity due, Perpetuities, Case: Nike, Inc.: cost of capital.	Ch. 5 (I) & Ch. 15 (II)	Quiz
4	<b>Bond and their valuation:</b> Key characteristic of bonds, Bond valuation, Bond yields, Changes in bond values over time, Bonds with semi-annual coupons, Assessing a bond's riskiness, Bond markets, Case: Worldwide paper company.	Ch. 9 (I) & Ch. 19 (II)	
5	<b>Stock and their valuation:</b> Type of stock, Discounted dividend model, Stock price and intrinsic value, Enterprise-based approach valuation, Case: American greetings.	Ch. 10 (I) & Ch. 43 (II)	Quiz
6,7	<b>The basic of capital budgeting &amp; Cash flow estimation and risk analysis:</b> Net present value, Internal rate of return, Reinvestment rate assumption, Payback period, Decision criteria used in practice, Conceptual issues in cash flow estimation, Analysis of expansion project, Replacement analysis, Risk analysis in capital budgeting, Measuring stand-alone risk, Case: Victoria chemicals plc (B): the merseyside and rotterdam projects	Ch. 12, Ch. 13 (I) & Ch. 24 (II)	
<b>8</b>	<b>MIDTERM SEMESTER BREAK</b>		
9	<b>The cost of capital &amp; Capital structure and leverage:</b> Weighted average cost of capital, Cost of debt, Cost of preferred stock, Cost of retained earnings, Cost of new common stock, Book, market or target weights, Business and financial risk, Determining the optimal capital structure, Capital structure theory, Case: Roche holdings AG: funding the Gnentech acquisition.	Ch. 11, Ch. 15 (I) & Ch. 14 (II)	
10	<b>Distribution to shareholders: dividends and share repurchases &amp;</b>	Ch. 16,	Quiz

Week	Content/Topics of Lecturing	Text Book Chapter	Remark
	<b>Working capital management:</b> Dividend versus capital gains, Establishing the dividend policy in practice, Current asset financing policies, Cash budget, Inventories, Accounts receivable, Account payable, Case: Auto zone, Inc.	Ch. 17 (I) & Ch. 30 (II)	
11	<b>Derivatives and risk management:</b> Reasons to manage risk, Background on derivatives, Options, Forward and Futures contracts, Other types of derivatives, Using derivatives to reduce risk, Risk management, Case: Carrefour S.A	Ch. 18 (I) & Ch. 37 (II)	
12	<b>Multinational financial management:</b> Multinational, or global, corporations, Multinational versus domestic financial management, The international monetary system, Inflation, interest rates, and exchange rates, International money and capital markets, International capital budgeting, Case: Target corporation.	Ch. 19 (I) & Ch. 20 (II)	Quiz
13	<b>Hybrid financing: preferred stock, leasing, warrants, and convertibles:</b> Preferred stock, Leasing, Warrants, Convertibles, A final comparison of warrants and convertibles, Reporting earnings when warrants or convertibles are outstanding, Case: Gainesboro machine tools corporation	Ch. 20 (I) & Ch. 29 (II)	
14,15	<b>Mergers and acquisitions:</b> Rationale for mergers, Type of mergers, Level of merger activity, Hostile versus friendly takeovers, Merger analysis, The role of investment bankers, Corporate alliances, Private equity investments, Divestitures, Case: Sun Microsystems	Ch. 21 (I) & Ch. 48 (II)	
16	<b>Silent Break</b>		
17/18	<b>Final Examination</b>		