FIN3701A CORPORATE FINANCE

Session: Semester I, 2025/2026 (11 August 2025 – 14 November 2025)

Instructor

Assoc Professor Ruth Tan	Office: MRB #07-48
Email: ruthtan@nus.edu.sg	Tel: 6516-6265

Teaching Assistant

TBA	Office: TBA
Email: TBA	

Course Objectives

This course aims to introduce fundamental concepts and analytical knowledge of Corporate Finance. Cases and practical examples will be used to illustrate the concepts taught.
By the end of the course, students should be able to:
- appraise investments and conduct project analysis;
- apply the valuation methods (DCF, DDM, and Relative Valuation) to evaluate real-life companies for capital raising and possible acquisition;
- analyze the impact of capital structure on the cost of capital and project value;
- understand capital structure decisions and payout policies.

Textbook and Reference

Main Textbook: (RWJJ)
Corporate Finance
Thirteenth Edition, 2023
Ross, Westerfield, Jaffe, and Jordan
ISBN 978-1-260-77238-8
McGraw-Hill Education

Assessments Methods

Class Participation	10%
Tutorial Discussions (group basis)	5%
1 Case study (group basis)	20%
2 Critiques (group basis)	10%
Test 1 (October, 2025)	25%
Test 2 (November 2025)	30%
Total	100%

Please note the date for the Tests will be confirmed when semester starts. There will be no make-up.

Test

Many of the questions require the use of financial calculators, which are allowed. Please consult instructor if you are not sure about the type of financial calculator required/allowed. The test may consist of multiple-choice questions, quantitative and open-ended questions that examine the total understanding of the student with respect to the course materials.

Tests and the Final Exam will be administered on Examsoft/Examplify. Please familiarize yourself with the software if you have not used it already. All tests are to be taken in-person on campus.

Class Participation

Students are expected to have done pre-class readings and be actively involved in class discussions. Extra credit will be given to those who also initiate class discussions on topics covered in class.

Case Assignment

Each class will be divided into (up to) 9 groups for case assignments. We will cover 3 cases during the semester. Out of the 9 groups, there will be 3 primary groups for each case. Groups 1A, 1B & 1C will take on the primary responsibility for case 1; groups 2A, 2B & 2C for case 2 and groups 3A, 3B & 3C for case 3. The 3 primary groups for the case will each submit a comprehensive report **NOT exceeding overall total of 10 pages** including texts, tables and appendices by the due date. The report must be typewritten on A4 size paper with double-spacing and font size 11. It is due by **12nn on Monday** of the week before the case presentation or as indicated in the course schedule below. The report will be made available to the class.

The 6 non-primary groups are each required to submit a short critique of one of the reports. The critique is limited to **one page** (A4 sized, font 11, double spacing) and must be submitted by **12nn on Friday** of the week when the case report is made available to all in the class. During the case presentation, the 3 groups with primary responsibility will be given 25 minutes each to present their analysis. All students are expected to actively participate in the case discussions. The assignment of the non-primary groups is as follows:

Case Number	Presenting (Primary) Group	Critique (Non-Primary) Group
1	1A	2A, 3A
1	1B	2B, 3B
1	1C	2C, 3C
2	2A	1A, 3A
2	2B	1B, 3B
2	2C	1C, 3C
3	3A	1A, 2A
3	3B	1B, 2B
3	3C	1C, 3C

Case assignment and guidelines will be made available two weeks before the due date.

Tutorial Discussion

Tutorial assignments (to be done in groups) are for classroom discussions only and NOT for submission. All students are expected to contribute to the tutorial discussions. Each tutorial consists of a number of questions and/or mini-cases related to topics that are covered in class. These questions may require analysis of financial data. The group membership is the same as that for case study. Each group may be asked to present or lead discussions for one of the questions. The tutorials will be discussed in class on dates indicated on the schedule below.

Submission Policy

Case reports and critiques are done on a group-basis. They must reach the instructor by the due date and time. Late submissions will be penalized.

Academic Honesty and Plagiarism

Academic integrity and honesty is essential for the pursuit and acquisition of knowledge. The University and School expect every student to uphold academic integrity & honesty at all times. Academic dishonesty is any misrepresentation with the intent to deceive, or failure to acknowledge the source, or falsification of information, or inaccuracy of statements, or cheating at examinations/tests, or inappropriate use of resources.

Plagiarism is 'the practice of taking someone else's work or ideas and passing them off as one's own' (The New Oxford Dictionary of English). The University and School will not condone plagiarism.

Artificial Intelligence (AI) tools such as ChatGPT do not require specialist knowledge to use. Many of these AI tools are commonly used in social media, for example, to create content and disguise and refine content created from programmes like ChatGPT. We understand that students will be drawn to using these AI Tools, as they would for any other electronic aid.

However, to be clear, normal academic rules still apply. As noted in the Code of Student Conduct:
"The University takes a strict view of cheating in any form, deceptive fabrication, plagiarism and violation of intellectual property and copyright laws. Any student who is found to have engaged in such misconduct is subject to disciplinary action by the University."

With respect to AI tools (e.g., ChatGPT and image generation tools), your instructor will clarify whether the use of these tools as inputs into your assignment development process is acceptable. AI is a technology that requires skill to use, and knowledge about when and how to use it. If you use ChatGPT or any other such AI tool in your work, you must provide a proper representation of how you used the tool and what prompts you used to generate output. Failure to cite its use constitutes academic misconduct.

Further, as with any information source, be aware that minimal efforts yield low quality results. You will need to refine your work and fact check the output, as you would double-check information from any source. Further, you should be selective in how and when you use such tools instead of using it for each and every assignment you create.

To summarise:

1. Always check with your instructors on what are the permitted uses of AI tools.
2. Have a discussion at the start of a course about the use of AI.
3. Where permitted, acknowledge your use of AI.
4. You remain responsible for the quality of your work and its appropriate representation.
5. Failure to follow the above steps can lead to a concern about plagiarism (academic dishonesty).

As always, you have the obligation to make clear to the assessor which is your own work, and which is the work of others. Otherwise, your assessor is entitled to assume that everything being presented for assessment is entirely your own work. This is a minimum standard.

Additional guidance can be found at:
Admission Condition: http://www.nus.edu.sg/registrar/administrative-policies-procedures/acceptance-record#NUSCodeofStudentConduct
NUS Code of Student Conduct: http://nus.edu.sg/osa/resources/code-of-student-conduct
Academic Integrity Essentials: https://libguides.nus.edu.sg/new2nus/acadintegrity#s-lib-ctab-22144949-4
Guidelines on the Use of AI Tools For Academic
Work: https://libguides.nus.edu.sg/new2nus/acadintegrity#s-lib-ctab-22144949-3

Course Content:

1. Introduction to Corporate Finance
   - Separation of ownership and control
   - Agency costs
   - Firm and the financial markets

2. Risk and Return
   - Review of portfolio theory
   - CAPM and APT
   - Estimating cost of equity and cost of debt
   - Risk, return and cost of equity

3. Capital Budgeting
   - Decision trees
   - Sensitivity analysis
   - Scenario analysis
   - Break-even analysis
   - Real options

4. Capital Structure
   - Efficient market hypothesis
   - Raising capital
   - Venture capital and IPO
   - Rights issue
   - Theories of capital structure
   - Tax effects
   - Limits to the use of debt
   - Costs of financial distress
   - Is there an optimal capital structure?

5. Mergers and Acquisitions
   - Merger motives
   - Types of acquisitions
   - Value of corporate control
   - Merger valuations
   - Empirical evidence

6. Dividend Policy
   - Is dividend policy relevant?
   - Share repurchase and dividend policy

Schedule

Week	Topic and Readings
Week 1: **August 11**	**Topic 1: Introduction** • **Course Overview** • **Corporation and Agency Issues** • **Review of Risk and Return** • **Readings: RWJ Chapter 1, 10, 11, 12**
Week 2: **August 18**	**Topic 2: Capital Budgeting** • **Review of Portfolio Theory and CAPM** • **Risk, return, and cost of capital** • **Sensitivity, scenario and break-even analysis** • **Real Options** • **Readings: RWJ Chapter 6,7,13, 23**
Week 3: **August 25**	**Topic 3: Capital Structure I** • **Raising capital** • **Issuing securities** • **Venture capital and IPO** • **Rights issue** • **Readings: RWJ Chapters 14, 20**
Week 4: **September 1**	**Topic 4: Capital Structure II** • **Theories of capital structure** • **Tax effects** • **Readings: RWJ Chapter 16** **Discussion of Tutorial 1**
Week 5: **September 8**	**Topic 5: Capital Structure III** • **Limits to the use of debt** • **Costs of financial distress** • **Agency costs** • **Is there an optimal capital structure?** • **Readings: RWJ Chapters 17, 18**

Week 6:
 	
September 15
	Topic 6: Mergers and Acquisitions
	
	   • **Merger motives**
	
	   • **Types of acquisitions**
	
	   • **Value of corporate control**
	
	   • **Merger valuations**
	
	   • **Empirical evidence**
	
	   • **Readings: RWJ Chapter 29**
	
	Case 1 will be available by 12nn on Monday September 15.

Recess Week	**from September 22 to September 28**

Week 7:
 	
September 29
	Topic 7: Dividend Policy
	
	   • **Is dividend policy irrelevant?**
	
	   • **Share repurchase and dividend policy**
	
	   • **Readings: RWJ Chapter 19**
	
	Discussion of Tutorial 2
	
	Assignment due by <u>12nn Monday September 29</u>: Case 1. Case reports will be made available to the whole class.
	Assignment due by <u>12nn Friday October 3</u>: One-page Critique of Case 1 from all non-presenting student groups.

Week 8: **October 6**	**Test 1: Saturday October 11, 2025 (tentative)** **Case 2 will be available by 12nn on Monday October 6.**
Week 9: **October 13**	**Presentation and discussion of Case 1** **Case 3 will be available by 12nn on Monday October 13.**
Week 10: **October 20**	**There will be no regular class this week (NUS Well-Being Day is October 21, 2025).** **Assignment due by <u>12nn Monday Oct 20</u>: Case 2. Case reports will be made available to the whole class.**

	Assignment due by <u>12nn Friday Oct 24</u>: One-page Critique of Case 2 from all non-presenting student groups.
Week 11: **October 27**	**Discussion of Tutorial 3** **Presentation and discussion of Case 2** Assignment due by <u>12nn Monday Oct 27</u>: Case 3. Case reports will be made available to the whole class. Assignment due by <u>12nn Friday Oct 31</u>: One-page Critique of Case 3 from all non-presenting student groups.
Week 12: **November 3**	**Test will cover all topics.** **Test Date: Saturday, November 8, 2025 (tentative)**
Week 13: **November 10**	**Presentation and discussion of Case 3**