

## **FIN3701B CORPORATE FINANCE**

*Last Updated: 1/12/2025*

Session: Semester II, 2025/2026 (12 January 2026 – 9 May 2026)

### **Instructor**

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Consultation: appointment through email.

### **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 module, 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;
- analyse the impact of capital structure on the cost of capital and project value;
- understand capital structure decisions and payout policies.

### **Textbook and Reference**

I will be using slides for the presentation. Copies of the presentation slides used in class will be posted on Canvas. The slides will be PDF files. The lecture slides are self-contained. Thus, no textbook is required. For those of you who wish to use a textbook in addition to the slides, I recommend:

#### ***Main Textbook: (RWJJS)***

Corporate Finance

International Student Edition, 2025

Ross, Westerfield, Jaffe, Jordan, and Shue; ISBN 978-1-266-96100-7

McGraw-Hill Education

#### ***Main Textbook: (RWJJ)***

Corporate Finance

International Student Edition, 13<sup>th</sup> edition, 2023

#### ***Reference Textbook: (RWJ)***

Fundamentals of Corporate Finance

International Student Edition, 2024 Edition

Ross, Westerfield, and Jordan

McGraw-Hill Education

<b><u>Assessments Methods</u></b>	
class participation	10%
4 quiz	4%
1 case study (group basis)	18%
2 critique (group basis)	8%
midterm test	20%
final exam	40%
total	100%

### **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. Details on how the test is conducted will be announced later in the semester.

Please note the dates for the test – there will be no makeup. The exact test time will be announced later. Students not participating in a test will receive a zero mark for that test. Exceptions will only be granted according to NUS policies and will require formal verification of the reason for absence by the BBA Office. In such exceptional cases, a substitute form of assessment may be given.

Midterm Test: 14 March Saturday TBD.

Final Exam: 30 April Thursday 1:00-3:00 PM TBD

### **Quizzes**

We will have four quizzes posted on Canvas. Each quiz will consist of only multiple-choice questions. You can take the quiz as many times as you like, and your score will be the highest score among all your attempts. You will have about one week to respond to quiz questions.

### **Class Arrangement**

Classes will, unless otherwise advised, be delivered in a normal face-to-face (F2F) classroom setting.

Students are responsible for all missed work, regardless of the reason for absence. It is also the absentee's responsibility to get all missing notes or materials.

### **Class Participation**

Students are expected to have done pre-class readings and be actively involved in class discussions. Extra credit will be granted to those who can contribute towards class discussions and the discussion forum. The discussion by the non-presenting group members will be an important part of the class participation grade. Note that this will be evaluated on an individual basis.

### **Cases**

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 12 pages** including texts, tables and appendices by the due date. The page limit excludes the front cover and the references page. The report must be typewritten on A4 size paper with double-spacing and font size 11. Its due date can be found in the table at the bottom of this document. The report will be made available to the entire class. Primary groups are also expected to submit their presentation slides by the due date denoted in the table at the bottom of this document.

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 the due date denoted in the table at the bottom of this document. During the case presentation, the 3 groups with primary responsibility will be given 20 minutes each to present their analysis. All students are expected to actively participate in the case discussions. The assignment of the primary and 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, 2C

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

Each member should make equal contributions to the case report, presentation, and critiques. At the end of the semester, you can assign a peer grade to other members of the same group by filling out a form. Filling out the form is **optional**, i.e., you don't need to do it. Peer grading might affect group members' grades. Due to differences in peer grading, a given group member may obtain different grades from other members in the same group.

#### Case Timing Arrangements:

- First Primary Group 20 minutes + 5 minutes\*2 Critique + 5 minutes Q&A = 35 minutes.
- Second Primary Group 20 minutes + 5 minutes\*2 Critique + 5 minutes Q&A = 35 minutes.
- 10 minutes break.
- Third Primary Group 20 minutes + 5 minutes\*2 Critique + 5 minutes Q&A = 35 minutes.  
Total 115 minutes.
- Other tasks (lectures or tutorials) before or after the presentations.

### **Tutorial and Discussion**

Several tutorials with their answers will be made available during the semester. Please note that you **don't need to submit** your analysis. However, please work on the tutorials during the semester.

### **Submission Policy**

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

### **Communication**

The preferred way to communicate with me is by email.

Students are encouraged to always send me comments and suggestions that may help the class to learn better.

Students are expected to check Canvas weekly for announcements.

### **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. Students should adopt this rule - 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 being presented as entirely your own work. This is a minimum standard. **In case of any doubts, you should consult your instructor.**

Additional guidance is available at:

<http://www.nus.edu.sg/osa/resources/code-of-student-conduct>

### **Course Content (Each topic may take longer than one class):**

1. Introduction to Corporate Finance
  - Separation of ownership and control
  - Agency costs
  - Firm and the financial markets
2. Risk and Return (Self Study and will be Tested)
  - Review of portfolio theory
  - CAPM
  - 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
  - Raising capital
  - 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?
  - Efficient market hypothesis
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

### **Class Schedule**

**Session II Thursday 12:00-15:00; BIZ2 05-10**

**Session I Friday 15:00-18:00 BIZ1 02-06**

**Please note:**

- 1) The topic contents in each week may take longer or shorter than one class! But the cases presentations related to the weeks are fixed.
- 2) Please let me know if you need to take another session due to urgent issue but only case by case.

**Session II Thursday 12:00-15:00; BIZ2 05-10**

<b>Week</b>	<b>Topic and Readings</b>
<b>Week 1: January 15</b>	<p>Topic 1: Introduction</p> <ul style="list-style-type: none"> <li>• Course Overview</li> <li>• Corporation and Agency Issues</li> <li>• Review of Risk and Return (Self Study and will be tested)</li> </ul> <p>Readings: RWJJS Chapters 1, 10, 11, 13</p>
<b>Week 2: January 22</b>	<p>Topic 2: Capital Budgeting</p> <ul style="list-style-type: none"> <li>• Review of portfolio theory and CAPM</li> <li>• Risk, return, and cost of capital</li> <li>• Sensitivity, scenario and break-even analysis</li> <li>• Real options</li> </ul> <p>Readings: RWJJS Chapters 6,7,13, 23</p>
<b>Week 3: January 29</b>	<p>Topic 3: Capital Structure I</p> <ul style="list-style-type: none"> <li>• Raising capital</li> <li>• Issuing securities</li> <li>• IPO</li> <li>• Rights issue</li> </ul> <p>Readings: RWJJS Chapters 15, 20.  <b>Hand in Quiz 1</b></p>
<b>Week 4: February 5</b>	<p>Topic 4: Capital Structure II</p> <p>Theories of capital structure  Tax effects</p> <p>Readings: RWJJS Chapter 16</p>
<b>Week 5: February 12</b>	<p>Topic 5: Capital Structure III</p> <ul style="list-style-type: none"> <li>• Limits to the use of debt</li> <li>• Costs of financial distress</li> <li>• Agency costs</li> <li>• Is there an optimal capital structure?</li> <li>• Efficient Market hypothesis</li> </ul> <p>Readings: RWJJS Chapters 17, 18  <b>Case 1 will be posted on 13 Feb Friday</b></p>
<b>Week 6: February 19</b>	<p>Topic 6: Mergers and Acquisitions</p> <ul style="list-style-type: none"> <li>• Merger motives</li> <li>• Types of acquisitions</li> <li>• Value of corporate control</li> <li>• Merger valuations</li> <li>• Empirical evidence</li> </ul> <p>Readings: RWJJS Chapter 29  <b>Hand in Quiz 2</b></p>
<b>Recess Week: February 21 – March 1</b>	<p>Assignment due by <u>9 pm Thursday February 26</u>: Case 1. Case reports will be made available to the whole class.</p> <p>Assignment due by <u>9 pm Monday March 2</u>: Case 1 presentation slides. Presenting groups need to submit their presentation slides.</p>

	Assignment due by <u>9 pm Monday March 2</u> : One-page Critique of Case 1 from all non-presenting student groups.
<b>Week 7: March 5</b>	<b>Presentation and discussion of Case 1</b>
<b>Week 8: March 12</b>	<b>No Regular Class</b>  <b>Midterm Test Date: March 14, TBD</b>
<b>Week 9: March 19</b>	Topic 7: Dividend Policy <ul style="list-style-type: none"> <li>• Is dividend policy irrelevant?</li> <li>• Share repurchase and dividend policy</li> </ul> Readings: RWJJS Chapter 19  <b>Case 2 will be posted on 6 March Friday</b>
<b>Week 10: March 26</b>	Any unfinished issues.  Assignment due by <u>9 pm Thursday March 19</u> : Case 2. Case reports will be made available to the whole class. Assignment due by <u>9 pm Monday March 23</u> : Case 2 presentation slides. Presenting groups need to submit their presentation slides. Assignment due by <u>9 pm Monday March 23</u> : One-page Critique of Case 2 from all non-presenting student groups. <b>Hand in Quiz 3</b>
<b>Week 11: April 2</b>	<b>NUS Well-being Day No Class</b>  <b>Case 3 will be posted on 27 March Friday</b>
<b>Week 12: April 9</b>	<b>Presentation and discussion of Case 2</b> Assignment due by <u>9 pm Thursday April 9</u> : Case 3. Case reports will be made available to the whole class. Assignment due by <u>9 pm Monday April 13</u> : Case 3 presentation slides. Presenting groups need to submit their presentation slides. Assignment due by <u>9 pm Monday April 13</u> : One-page Critique of Case 3 from all non-presenting student groups. <b>Hand in Quiz 4</b>
<b>Week 13: April 16</b>	<b>Presentation and discussion of Case 3</b>
<b>Week 14: April 20-26</b>	Reading Week
<b>30 April</b>	<b>Thursday 1:00-3:00 PM Final Exam TBC</b>

**Session I Friday 15:00-18:00; BIZ1 02-06**

<b>Week</b>	<b>Topic and Readings</b>
<b>Week 1: January 16</b>	<p>Topic 1: Introduction</p> <ul style="list-style-type: none"> <li>• Course Overview</li> <li>• Corporation and Agency Issues</li> <li>• Review of Risk and Return (Self Study and will be tested)</li> </ul> <p>Readings: RWJJS Chapters 1, 10, 11, 13</p>
<b>Week 2: January 23</b>	<p>Topic 2: Capital Budgeting</p> <ul style="list-style-type: none"> <li>• Review of portfolio theory and CAPM</li> <li>• Risk, return, and cost of capital</li> <li>• Sensitivity, scenario and break-even analysis</li> <li>• Real options</li> </ul> <p>Readings: RWJJS Chapters 6,7,13, 23</p>
<b>Week 3: January 30</b>	<p>Topic 3: Capital Structure I</p> <ul style="list-style-type: none"> <li>• Raising capital</li> <li>• Issuing securities</li> <li>• IPO</li> <li>• Rights issue</li> </ul> <p>Readings: RWJJS Chapters 15, 20.  <b>Hand in Quiz 1</b></p>
<b>Week 4: February 6</b>	<p>Topic 4: Capital Structure II</p> <p>Theories of capital structure  Tax effects</p> <p>Readings: RWJJS Chapter 16</p>
<b>Week 5: February 13</b>	<p>Topic 5: Capital Structure III</p> <ul style="list-style-type: none"> <li>• Limits to the use of debt</li> <li>• Costs of financial distress</li> <li>• Agency costs</li> <li>• Is there an optimal capital structure?</li> <li>• Efficient Market hypothesis</li> </ul> <p>Readings: RWJJS Chapters 17, 18  <b>Case 1 will be posted on 13 Feb Friday</b></p>
<b>Week 6: February 20</b>	<p>Topic 6: Mergers and Acquisitions</p> <ul style="list-style-type: none"> <li>• Merger motives</li> <li>• Types of acquisitions</li> <li>• Value of corporate control</li> <li>• Merger valuations</li> <li>• Empirical evidence</li> </ul> <p>Readings: RWJJS Chapter 29  <b>Hand in Quiz 2</b></p>
<b>Recess Week: February 21 – March 1</b>	<p>Assignment due by <u>9 pm Thursday February 26</u>: Case 1. Case reports will be made available to the whole class.</p> <p>Assignment due by <u>9 pm Monday March 2</u>: Case 1 presentation slides. Presenting groups need to submit their presentation slides.</p>



	Assignment due by <u>9 pm Monday March 2</u> : One-page Critique of Case 1 from all non-presenting student groups.
<b>Week 7: March 6</b>	<b>Presentation and discussion of Case 1</b>
<b>Week 8: March 13</b>	<b>No Regular Class</b>  <b>Midterm Test Date: March 14, TBC</b>
<b>Week 9: March 20</b>	Topic 7: Dividend Policy <ul style="list-style-type: none"> <li>• Is dividend policy irrelevant?</li> <li>• Share repurchase and dividend policy</li> </ul> Readings: RWJJS Chapter 19  <b>Case 2 will be posted on 6 March Friday</b>
<b>Week 10: March 27</b>	Any unfinished issues.  Assignment due by <u>9 pm Thursday March 19</u> : Case 2. Case reports will be made available to the whole class. Assignment due by <u>9 pm Monday March 23</u> : Case 2 presentation slides. Presenting groups need to submit their presentation slides. Assignment due by <u>9 pm Monday March 23</u> : One-page Critique of Case 2 from all non-presenting student groups. <b>Hand in Quiz 3</b>
<b>Week 11: April 3</b>	<b>NUS Well-being Day No Class</b>  <b>Case 3 will be posted on 27 March Friday</b>
<b>Week 12: April 10</b>	<b>Presentation and discussion of Case 2</b> Assignment due by <u>9 pm Thursday April 9</u> : Case 3. Case reports will be made available to the whole class. Assignment due by <u>9 pm Monday April 13</u> : Case 3 presentation slides. Presenting groups need to submit their presentation slides. Assignment due by <u>9 pm Monday April 13</u> : One-page Critique of Case 3 from all non-presenting student groups. <b>Hand in Quiz 4</b>
<b>Week 13: April 17</b>	<b>Presentation and discussion of Case 3</b>
<b>Week 14: April 20-26</b>	Reading Week
<b>30 April</b>	<b>Thursday 1:00-3:00 PM Final Exam TBC</b>