FIN3701A CORPORATE FINANCE

Session: Semester I, 2026/2027 (August 2026 – November 2026)

Instructor

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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;
- use generative AI and analytical tools to support corporate finance analysis while critically evaluating tool outputs and understanding their limitations.

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%
Assignments	5%
1 Case study (group basis)	20%
2 Critiques (group basis)	10%
Test 1 (Sat Oct 3)	25%
Test 2 (Sat Nov 7)	30%
Total	100%

Please note the date for the Tests and make sure you are able to take the test at the assigned time. 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.
All tests will be administered on Examsoft/Examplify. Please familiarize yourself with the software if you have not used it already. All tests must 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 (but excluding the AI Use Appendix) by the due date. The report must be typewritten on A4 size paper with double-spacing and font size 11. It is due by **12noon on Monday** of the week of the case presentation or as otherwise indicated in the course schedule below. Each case report must include a short AI Use Appendix (max one page) documenting the AI tools used, tasks performed, limitations observed, and how outputs were verified. 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 maximum of **one page** (A4 sized, font 11, double spacing) and must be submitted by **5pm on Wednesday** of the week when the case report is made available to all in the class (or other time specified in the course schedule). The critique should cover one point (max of two points) of concern identified by the group about the report.

During the case presentation, the 3 groups with primary responsibility will be given 18-20 minutes each to present their analysis. Each case group presentation will be followed by discussion questions from non-presenting groups (5-8mins). 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, 2C

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 tutorial classroom participation will count towards assignments grade. 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. 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

Use of AI Tools

Consistent with the NUS Policy for Use of AI in Teaching and Learning (Aug 2024), the use of generative AI tools is permitted for group case reports and critiques in this course, provided that such use is duly acknowledged. Students remain fully responsible for the accuracy, relevance, and integrity of all submitted work. AI outputs must be independently verified against reliable sources; students should not assume that AI-generated content is correct, current, or appropriately contextualised. Acknowledgement should be made in the AI Use Appendix accompanying each case report, documenting the AI tools used, the tasks for which they were used, the prompts (or representative prompts), and how the outputs were verified and incorporated into the final submission. Representing AI-generated output as one's own work without acknowledgement constitutes plagiarism and will be treated as academic dishonesty under the NUS Code of Student Conduct. For tests, which are conducted in-person and supervised, the use of AI tools is not permitted.

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
    - AI-assisted sensitivity analysis
    - AI-assisted scenario analysis
    - Break-even analysis
    - Real options

4. Capital Structure
    - Efficient market hypothesis
    - Raising capital - using AI to read prospectus
    - 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
    - AI-assisted deal screening, and comparables
    - Merger valuations
    - Empirical evidence

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

Schedule

Week	Topic and Readings
Week 1: **August 14**	**Topic 1: Introduction** • Course Overview • Corporation and Agency Issues • Review of Risk and Return • Readings: RWJ Chapter 1, 10, 11, 12
Week 2: **August 21**	**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 28**	**Topic 3: Capital Structure I** • Theories of capital structure • Tax effects • Readings: RWJ Chapter 16
Week 4: **September 4**	**Topic 4: Capital Structure II** • Limits to the use of debt • Costs of financial distress • Agency costs • Is there an optimal capital structure? Readings: RWJ Chapters 17,18 **Tutorial 1 Discussion** **Case 1 will be available by 12noon on Monday August 31**

Week 5: **September 11**	**Topic 5: Capital Structure III** • Raising capital • Issuing securities • Venture capital and IPO • Rights issue Readings: RWJ Chapters 14, 20
Week 6: **September 18**	**Deadlines:** **Assignment due by 12noon Monday September 14: Case 1.** Case reports will be made available to the whole class. **Assignment due by 5pm Wednesday September 16: One-page Critique of Case 1** from all non-presenting student groups. **Presentation and Discussion of Case 1** **Topic 6: Mergers and Acquisitions (An introduction)** • Merger motives • Types of acquisitions • Value of corporate control • Merger valuations • Empirical evidence • Readings: RWJ Chapter 29
Recess Week	from September 19 to September 27
Week 7: **October 2 & 3**	**Topic 6: Mergers and Acquisitions (continued)** • Merger motives • Types of acquisitions • Value of corporate control • Merger valuations • Empirical evidence • Readings: RWJ Chapter 29 **Test 1 (Covers Materials up to (and inclusive of) Topic 5)** **Date: Saturday, October 3, 2026**

	Time: TBD **Venue: TBD**
Week 8: **October 9**	**There will be NO regular classes this week** (NUS Well-Being Day is October 9 2026).
Week 9: **October 16**	**Topic 7: Dividend Policy** • Is dividend policy irrelevant? • Share repurchase and dividend policy Readings: RWJ Chapter 19 **Case 2 will be available by 12noon on Monday October 12.**
Week 10: **October 23**	**Topic 7: Dividend Policy (continued)** • Is dividend policy irrelevant? • Share repurchase and dividend policy Readings: RWJ Chapter 19 **Tutorial 2 Discussions**
Week 11: **October 30**	**Presentation and Discussion of Case 2** **Discussion of Tutorial 3** **Deadlines:** **Assignment due by 12noon Monday Oct 26: Case 2. Case reports will be made available to the whole class.** **Assignment due by 5pm Wednesday Oct 28: One-page Critique of Case 2** from all non-presenting student groups. **Case 3 will be made available by 12noon on Monday October 26.**
Week 12: **November 6 &7**	**Review Session** **Test 2 will cover all topics.** **Date: Saturday, November 7, 2026** **Time: TBD** **Venue: TBD**

Week 13: **November 13**	**Presentation and Discussion of Case 3** **Deadlines:** **Assignment due by 12noon Monday Nov 9: Case 3. Case reports will be made available to the whole class.** **Assignment due by 5pm Wednesday Nov 11: One-page Critique of Case 3** from all non-presenting student groups.