



JSC «Kazakh-British Technical University»

Business School

Department of “Management and Social Sciences”

APPROVED

Dean of Business School

_____ Simpson E.

« ____ » _____ 2015.

SYLLABUS

Discipline: **CORPORATE FINANCE**
 Number of credits: **3**
 Term: **SUMMER 2015**
 Instructor’s full name: **DR. ALEX MOSESOV**

Information on the Instructor	Time and Place		Contact Information	
	Room	Office Hours (TSIS)	Tel.:	E-mail
Ph.D	According to the schedule	According to the schedule	611 Room 435	a.mosesov@k btu.kz

Almaty, 2015

COURSE DESCRIPTION

The objective of this class is to help you develop an understanding of the role of finance within a firm. Topics covered in this course include financial analysis, planning and control, asset valuation, capital budgeting, risk and return, and the cost of capital. Additionally, this class will improve your personal financial management skills. This course is introduction to Corporate Finance. It will cover some of the theory and practice of decision-making within the corporation, as well as, assorted other topics

COURSE OBJECTIVE

This course is designed to give students the capacity to understand the financial theory and the techniques that have been developed in corporate finance, as well as to apply it to real world situations. This will enable students to study functional areas of corporate finance, such as valuation, capital structure, payout policy capital budgeting from real businesses' perspective. Eventually students will get clear view of the big picture of corporate finance so that they can understand how things fit together.

COURSE OUTCOMES

Upon graduating this course, the students will be able to:

- ✓ Use fundamental analysis to conduct a firm performance evaluation.
- ✓ Construct a financial forecast for a term.
- ✓ Employ time value of money to solve common financial problems.
- ✓ Make corporate investment decisions using capital budgeting.
- ✓ Be able to value firms, bonds, and stocks.
- ✓ Understand how entrepreneurial and corporate finance differ.

KNOWLEDGE: Students will:

- ✓ Demonstrate an understanding basic concepts of Corporate Finance,
 - ✓ Manage cash flows within their firm to avoid creditor action and insolvency
 - ✓ Analyze the costs and benefits of a firm issuing debt and equity securities, in both the public and private markets.
 - ✓ Analyze leverage on the balance sheet and determine how and when a firm should be recapitalized.
 - ✓ Assess companies as acquisition targets and structure an optimal offer, using both debt and equity instruments.
 - ✓ Calculate changes in shareholder value in various transactional settings.
 - ✓ Have a broad understanding of the channels for raising capital in the equity market..

SKILLS: On completion of this course the students will be able to:

- ✓ Apply basic financial tools to evaluate the results of current operations and potential investment projects.
- ✓ Articulate how financial analysis can be used to influence decision making in a business environment.
- ✓ Identify the limitations of financial analysis. Learn research approaches to demand estimation.
- ✓ Think critically in resolving strategic matters affecting Kazakhstani companies.

LITERATURE

Core Text:

- ✓ Jonathan Berk, Peter DeMarzo, Jarrad Harford. Fundamentals of corporate finance. Prentice Hall - Pearson Education, 2nd ed., 2012

Supplementary

- ✓ Jonathan Berk, Peter DeMarzo, Jarrad Harford. Instructor's Manual for Fundamentals of Corporate Finance. Pearson Education, 3rd ed., 2015
- ✓ Ivo Welch. Corporate Finance. 3rd ed. 2014 (<http://book.ivo-welch.info/ed3/toc.html>).
- ✓ Wall Street Journal, Financial Times, New York Times, Economist, or other financial press.

COURSE OUTLINE

Week	Class work			SIS (Students Independent Study)	TSIS (Teachers Supervised Independent Study)
	Topic	Lectures	Practice		
1	Corporate Finance & Financial Manager	2	1	CT1	Distribution of individual tasks
2	Intro to Financial Statement Analysis <i>Practice work 1</i>	2	1	CT2	SIS 1
3	Time Value of Money - 1 <i>Practice work 2</i>	2	1	CT3	SIS 2
4	Time Value of Money - 2 <i>Practice work 3</i>	2	1	CT4	SIS 3
5	Investment Decision Rules <i>Practice work 4</i>	2	1	CT8	SIS 4
6	Fundamentals of Capital Budgeting <i>Practice work 5</i>	2	1	CT9	SIS 5
7	Risk and Return in Capital Markets <i>Practice work 6</i>	2	1	CT11	SIS 6
8	Revision, Practice MID-TERM EXAM	2	1	Covered CT1-11	-
9	Systematic Risk and the Equity Risk Premium <i>Practice work 7</i>	2	1	CT12	SIS 7
10	The Cost of Capital <i>Practice work 8</i>	2	1	CT13	SIS 8
11	Raising Equity Capital <i>Practice work 9</i>	2	1	CT14	SIS 9
12	Debt Financing <i>Practice work 10</i>	2	1	CT15	SIS 10
13	Financial Modeling and Pro Forma Analysis <i>Practice work 11</i>	2	1	CT18	SIS 11
14	Group projects and presentations	2	1	-	SIS 12
15	Revision, <i>Practice work 12</i>	2	1	Covered CT12-16	-
16-17	FINAL EXAM	2		In written	

COURSE POLICY AND GRADING CRITERIA

PRACTICE/PARTICIPATION

Week	Practice (Analytical Questions, MCQ's, Discussion)	Grade Points
1	Corporate Finance & Financial Manager	-
2	Intro to Financial Statement Analysis	1.25
3	Time Value of Money - 1	1.25
4	Time Value of Money - 2	1.25
5	Investment Decision Rules	1.25
6	Fundamentals of Capital Budgeting	1.25
7	Risk and Return in Capital Markets	1.25
8	MID-TERM EXAM	
9	Systematic Risk and the Equity Risk Premium	1.25
10	The Cost of Capital	1.25
11	Raising Equity Capital	1.25
12	Debt Financing	1.25
13	Financial Modeling and Pro Forma Analysis	1.25
14	Group projects and presentations	-
15	Revision	-
	Total	15

STUDENTS SELF-STUDY WITH INSTRUCTOR (TSIS)

Week	TSIS (Teachers Supervised Independent Study)	Grade(in points)
1	Consultancy on group projects	
2	Supervising on group projects	
3	Supervising on group projects	
4	Supervising on group projects	3
5	Supervising on group projects	
6	Supervising on group projects	
7	Supervising on group projects	3
8	MID-TERM EXAM	
9	Supervising on group projects	3
10	Supervising on group projects	
11	Supervising on group projects	3
12	Supervising on group projects	
13	Supervising on group projects	3
14	Supervising on group projects	
15	Presentations and defense of group projects	
	TOTAL	15

STUDENTS INDEPENDENT STUDY (SIS)

Week	SIS (Students Independent Study)	Grade(in points)
1		-
2	Writing chapter summary	1.25
3	Writing chapter summary	1.25
4	Writing chapter summary	1.25
5	Writing chapter summary	1.25
6	Writing chapter summary	1.25
7	Writing chapter summary	1.25
8	Writing chapter summary	1.25
9	Writing chapter summary	1.25
10	Writing chapter summary	1.25
11	Writing chapter summary	1.25
12	Writing chapter summary	1.25
13	Writing chapter summary	1.25
TOTAL		15.0

GRADING CRITERIA

№	Assessment criteria	Weeks																Final scores
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16 17	
1	Participation		✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓			15%
2	SIS		✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓			15%
3	TSIS									✓	✓	✓	✓	✓				15%
4	Mid-Term								✓									15%
6	Final Exam																✓	40%
	Total:																	100%

№	Assessment criteria	Participation	SIS	Project	Mid-term	Present action	Final exam	Total
1	1 st attestation	7.5	7.5		15			30
2	2 nd attestation	7.5	7.5	15				30
3	Final					20	20	40

LECTURES

Class sessions involve a variety of teaching techniques. Much of the time will be dedicated to lecture and class discussion of materials related to assigned reading. Topics will be delivered in an illustrative interactive manner with PowerPoint slides to help better understand the textbook. These presentations will be integrated with classroom discussions encouraging active learning. All the students are expected to read and understand the chapters ahead of lectures; so that everyone can participate during interactive discussions. Readings consist of relevant chapters in the text books, assigned articles, PowerPoint lecture slides, and further articles in the financial magazines. Case analysis, problem solving, real case applications will be offered to improve learning process.

PRACTICE WORK / PARTICIPATION

Practical exercises aim to develop firm understanding of tools and practices of corporate finance. Based on the use of active teaching methods like case studies, problem solving and business cases through interactive discussions, MCQ's and analytic problem solving students are urged to properly prepare and actively participate.

The class participation grade is earned via unflinching presence in class and consistent contribution to class discussions. You should, therefore, make conscientious efforts to be sufficiently prepared to the class discussions. The responsibility for making the learning process succeed is yours. The faculty requires students to attend at minimum 80% of the scheduled class sessions. Attendance that is less than this requirement will make you not eligible for obtaining the grade.

GROUP PROJECT (TSIS)

Teams of 3-4 students will work together to prepare group project and write comprehensive written report on that project (15-20 pages; 1.5 space, Times New Roman) with a cover page according to provided standards. The project report should be submitted (handed over or e-mailed) according to class schedule, but no later than a week before the presentation date.

Reports will be evaluated along the following criteria:

- ✓ Quality of the writing - clear, straight, and correct style and grammar;
- ✓ Quality of the structure and organization; smooth, logical flow of content;
- ✓ Quality and amount of reflection, analysis, comparison, and evaluation;
- ✓ Proper use of literature.

Projects will wrap up with the oral presentation and defense lasting twenty minutes. Use of PowerPoint along with any other appropriate technology is expected. Be creative when preparing and making your presentation. Avoid reading your paper in class. Concentrate on the main points. Defense of group project determines the level of theoretical knowledge and practical skills of the group members. Student must summarize the contents of the paper, give satisfactory answers to questions. Once the teams are formed, each team will receive a number. While submitting teamwork reports for checking and grading, please include the following information on the cover page (see a template below) to assure proper credit:

- ✓ Team number
- ✓ ID of all students in the team with their last and first names, and mail addresses
- ✓ Title of the study
- ✓ Course name (Industrial Economics)

The dates of defense are 14th and 15th weeks. Assessment of group projects will be counted instead of the end of term examination.

HOME-WORKS (SIS)

Chapter summaries will be assigned to enhance students' comprehension of lectured concepts and techniques. You may discuss assignments with others, but you must write up by yourself with the full understanding of what you write. Students handing in identical assignments will be violating university regulations and will not receive credit! Late home-works are not allowed unless you negotiate with the instructor at least one day in advance.

MID-TERM EXAM

Mid-Term appraisal is evaluation of the students' academic achievements over first seven weeks of the semester. Mid-Term Exams are based on topics of all accumulated lectures, practice works, SIS, TSIS and materials for reading discussed up to the time of assessment. Maximum number of points with attendance, activity, SIS, TSIS and practice for each attestation is 30 points: 15 points Mid-Term, 15 points for the rest.

FINAL EXAM

Final examination is evaluation of the students' academic achievements, conducted after the completion of the course. It covers all delivered course materials and it is conducted in the form of oral exam (presentation of the project) and MCQ's and/or problems. Duration of the final exam is 90 min. Maximum number of points is 40: project presentation – 20, written exam – 20 points). At the end of semester students receive overall total grade (accumulated points for accomplishments during semester) according to conventional KBTU grade scale.

GRADING SCALE (Letter grades for the course follow the same standards as specified in the Catalog)

Grading Letters	System Numerical Equivalent	Percentage
A	4.00	95 – 100
A-	3.67	90 – 94
B+	3.33	85 – 89
B	3.00	80 – 84
B-	2.67	75 – 79
C+	2.33	70 – 74
C	2.00	65 – 69
C-	1.67	60 – 64
D+	1.33	55 – 59
D	1.00	50 – 54
F	0	0 - 49

ACADEMIC POLICY

STUDENTS ARE REQUIRED:

- ✓ to be respectful to the teacher and other students;
- ✓ to switch off mobile phones during classes;
- ✓ not to cheat. Plagiarized papers shall not be graded;
- ✓ to meet the deadlines;
- ✓ to come to classes prepared and actively participate in classroom work;
- ✓ to enter the room before the teacher starts the lesson;
- ✓ to attend all classes. No make-up tests are allowed unless there is a valid reason for missing them;
- ✓ to follow KBTU academic policy regarding W, AW, I, F grades.

STUDENTS ARE ENCOURAGED TO:

- ✓ consult the teacher on any issues related to the course;
- ✓ make up within a week's time for the works undone for a valid reason without any grade deductions;
- ✓ make any proposals on improvement of the academic process;
- ✓ track down their continuous rating throughout the semester.

Associate Professor of Economics

Alex Mosesov

**Chair of the Department of
Management and Social Sciences**

Timur Narbaev

**Approved by the meeting of the Management and Social Sciences Department,
Minutes #5, June 5, 2015**

ACADEMIC AND METHODOICAL SUPPORT

Карта методического обеспечения: Экономика производственной сферы (Corporate Finance), Кафедра бизнеса и социальных наук, 2013-2014 у.г.

Название дисциплины	Название учебной литературы	Автор, место, год издания	Их количество в КБТУ					Количество книг по дисциплине	Количество обучающихся студентов	Число книг на 1 студента
			в аб-те	в чит. залах	в ДМиС	эл. ресурс	Всего			
Экономика производственной сферы (Industrial/Managerial Economics)	Учебники и учебные пособия									
	Managerial economics	Hirschey Mark. - New York : Thomson South-Western, 2003. - 771p. : ill.; tabl. - Index:p.761. - ISBN 0-324-18330-5 : 7133-00.	0	1	0	0	1			
	Fundamentals of managerial economics	Hirschey Mark. - New York : Thomson South-Western, 2003. - 714p. : ill.; tabl. - Index:p.705. - ISBN 0-324-18331-3 : 7331-00	0	1	0	0	1			
	Managerial Economics: economic tools for today's decision makers	Keat, Paul G, Young, Philip K.Y. - Fourth edition. - New Jersey : Prentice Hall, 2003. - 765 p. : ill.,tabl. - Appendices:A,B,C,D p.691.,- Index:p.756. - ISBN 0-13-035335-3 : 7131-00.	0	1	0	0	1			