

Institute of Economic Studies
Faculty of Social Sciences of Charles University

JEM034 – Corporate Finance
Course syllabus

Winter semester 2024

Teacher: Richard Podpiera, PhD, CFA
Email: richard.podpiera@seznam.cz
Lectures: Thursdays, 14:00-15:20, room 206
Consultations: By appointment

Teaching Assistants: Samuel Fiifi Eshun (samuel.fiifi.eshun@fsv.cuni.cz) and Kai Wang (wong.kai@foxmail.com).
Exercise sessions, Thursdays, 15:30-16:50, room 206

Goal of this course

This course covers the principles of corporate finance and their practical applications. It offers deeper insights into valuation of bonds and stocks, decision-making within corporations, theory of capital structure and management, and related topics of payout and debt policies. In addition, the course covers the basics of pricing derivative securities and managing risk from the corporate managers point of view.

Textbook

The main textbook of this course is: Brealey, R. A., Myers, S. C., and Allen, F. (2011) *Principles of Corporate Finance*, 10th ed. McGraw-Hill Education (“BMA”).
Additional handouts may be distributed in class or posted online, along with the lecture notes.

The course will be managed through the Moodle site, including posts of lecture notes and exercise session materials:

<https://dl1.cuni.cz/course/view.php?id=16475>

Students should log in with their SIS username and password into the Moodle system and self-enroll to the course gain access.

Main topics covered (chapters of the BMA textbook)

1. Introduction

Readings: Chapter 1

2. Review of key Finance concepts – Present value, valuation of bonds and stocks, investment criteria

Readings: Chapters 2–5

3. Making investment decisions and project analysis

Readings: Chapters 6 and 10

4. Investments, strategy, and economic rents

Readings: Chapter 11

5. Risk, return, and the cost of capital: CAPM + APT

Readings: Chapters 7–9

6. Efficient markets, corporate financing, and how corporations issue securities

Readings: Chapters 13–15

7. Payout policy, does debt policy matter, and how much should a corporation borrow?

Readings: Chapters 16–18

8. Managing risks – forwards and futures

Readings: Chapter 26

9. Introduction to derivative securities, real options

Readings: Chapter 20-22

Grading is based on three components:

25% problem sets (expected 4 home assignments)

30% mid-term exam

45% final exam

Effort expectations – students are expected to attend classes and actively participate. Also, they are encouraged to read assigned chapters beforehand so that we can focus on discussion and deeper understanding in class rather than explanation of basic concepts.