

Institute of Economic Studies  
Faculty of Social Sciences of Charles University

**JEM034 — Corporate Finance**  
Course Syllabus

Winter Semester 2022/2023

**Teacher:** Olga Bychkova, MSc., M.A.

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**Office hours:** by appointment

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**Course webpage:** <http://ies.fsv.cuni.cz/en/syllab/JEM034/>

**Lectures:** Wednesday 12:30-13:50, room O109

**Exercise sessions:** Friday 14:00-15:20, room O314

## Description of the Course

The 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.

## Literature

The main textbook for this course is: Brealey, R. A., Myers, S. C., & Allen, F. (2011) *Principles of corporate finance — 10th edition*. McGraw-Hill Education.

Additional handouts may be distributed in class or posted on the course web page along with the lecture notes.

## Main Topics Covered

1. Review of key finance concepts: present value, valuation of bonds and stocks, investment criteria (chapters 2-5).
2. Making investment decisions and project analysis (chapters 6 and 10).
3. Investments, strategy, and economic rents (chapter 11).
4. Risk, return, and the cost of capital: CAPM and APT (chapters 7-9).
5. Efficient markets, corporate financing and how corporations issue securities (chapters 13-15).
6. Payout and debt policies (Modigliani and Miller propositions) and corporate borrowing (chapters 16-18).

7. Introduction to derivative securities: real options (chapters 20-22).
8. Managing risk: forwards and futures (chapter 26).

**Grades** are based on three components

- 30% **Problem sets** (home assignments distributed biweekly, due two weeks later)
- 30% **Midterm exam**
- 40% **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.