

## Syllabus

### Required Text

Brealey and Myers, *Principles of Corporate Finance*, Seventh Edition, McGraw-Hill, 2003.

### Grading Policy

|         |     |
|---------|-----|
| Midterm | 30% |
| Final   | 70% |

### Exam Policy

The midterm and final must be taken on the scheduled dates. The *only* exceptions allowed are (1) University-sponsored event or required exception; and (2) unforeseen and *officially documented* illness, accident or family crisis. The midterm is scheduled for Friday, May 2.

### Topics and Readings

1. Introduction – ch. 1
2. Calculating Present Values
  - Net Present Value – ch. 2
  - Multi-Period Horizon – ch. 3 (pp. 33-45)
  - Nominal vs. Real Discount Rates – ch. 3 (pp. 45-46)
  - Valuing Financial Assets – chs. 3 (pp. 47-49), 4 (pp. 59-65)
3. Evaluating Investment Projects
  - Analysis of Project Cash Flows - ch. 6 (pp. 119-131)
  - Capital Rationing – ch. 5 (pp. 105-109)
  - Internal Rate of Return – ch. 5 (pp. 91-105)

### MIDTERM



#### 4. Determining the Cost of Capital

- Models of Risk and Return - chs. 7 (pp. 153-160, 177-178), 8 (pp. 194-210)
- Capital Structure and Cost of Capital – chs. 14, 9 (pp. 221-238)
- Modigliani-Miller Theorem – chs. 16 (pp. 433-436, 441-447), 17 (pp. 465-475)
- Interest Tax Shields – chs. 18 (pp. 489-493), 19 (pp. 523-544)
- Optimal Capital Structure – ch. 18 (pp. 493-515)

Recommended Reading – chs. 7 (pp. 160-177), 8 (pp. 187-194), 13, 15

#### FINAL – COMPREHENSIVE

#### Practice Questions

##### Section 2

Ch. 2 – 4, 5, 12

Ch. 3 – 1, 2, 3, 5, 7, 17, 25, 28, 30, 31, 32, 33

Ch. 4 – 4, 7

##### Section 3

Ch. 6 – 6, 11, 12

Ch. 5 – 11, 13, 6, 7

Supplementary Questions

##### Section 4

Ch. 7 – 1

Ch. 8 – 7, 14, 15, 16

Ch. 9 – 7, 8, 9

Ch. 16 – 8, 10

Ch. 17 – 11, 12, 13, 14

Ch. 18 – 3

Ch. 19 – 1, 8, 10, 18

Supplementary Questions