



DETAILED SYLLABUS

Advanced Corporate Finance

1. Information about the study program

1.1 University	Babeș-Bolyai University
1.2 Faculty	Faculty of Economics and Business Administration
1.3 Department	Finance Department
1.4 Field of study	Accounting
1.5 Program level (bachelor or master)	Master
1.6 Study program / Qualification	Accounting and Organizations

2. Information about the subject

2.1 Subject title	EME0631 Advanced Corporate Finance						
2.2 Course activities professor	Associate Professor Filip Angela-Maria PhD						
2.3 Seminar activities professor	Associate Professor Filip Angela-Maria PhD						
2.4 Year of study	II	2.5 Semester	3	2.6 Type of assessment	CE	2.7 Subject regime	EL.

3. Total estimated time (teaching hours per semester)

3.1 Number of hours per week	3	out of which: 3.2 course	1	3.3 seminar/laboratory	2
3.4 Total number of hours in the curriculum	42	out of which: 3.5 course	14	3.6 seminar/laboratory	28
Time distribution					Hours
Study based on textbook, course support, references and notes					34
Additional documentation in the library, through specialized databases and field activities					34
Preparing seminars/laboratories, essays, portfolios and reports					36
Tutoring					1
Assessment (examinations)					3
Others activities					
3.7 Total hours for individual study	108				
3.8 Total hours per semester	150				
3.9 Number of credits	6				

4. Preconditions (if necessary)

4.1 Curriculum	General Finance
4.2 Skills	Not necessary

5. Conditions (if necessary)

5.1. For course development	<ul style="list-style-type: none"> ➤ It is recommended for the master students to attend the courses; ➤ Master students aren't allowed to talk to each other during the course; ➤ Master students are encouraged to ask questions, to demand for supplementary explanations, to participate in discussions; ➤ The use of cell phones during the course is forbidden, as it is forbidden to record the course, to film the course or to take pictures.
-----------------------------	---

5.2. For seminar / laboratory development	<ul style="list-style-type: none"> ➤ It is compulsory for the students to attend the seminars; ➤ Students are allowed to discuss with each other during the seminar only if they are demanded to solve in teams certain case studies; ➤ It is compulsory for each student to possess a scientific calculator; ➤ The use of cell phones during the seminar is forbidden, as it is forbidden to record the course, to film the course or to take pictures.
---	--

6. Acquired specific competences

Professional competences	<ul style="list-style-type: none"> ➤ Knowledge and use of capital budgeting techniques; ➤ Cash-flow estimation and forecasting; ➤ Analysis of discounted cash-flows; ➤ Estimating the cost of capital, optimizing the choice of capital structure and evaluating the impact of the capital structure on the value of the corporation; ➤ Preparing investment projects, evaluating investment projects, drafting investment budgets, forecasting incomes and expenses at corporative level. ➤ Attainment of managerial skills and strategic vision.
Transversal competences	<ul style="list-style-type: none"> ➤ Applying methods, techniques and instruments of data collection, analysis and processing with respect to financial decision making; ➤ Ability to collect, process and analyse data connected to specific economic issues in order to diagnose problems, find optimum solutions and make valuable decisions; ➤ Using financial theories, methods and concepts in further research: both theoretical studies and solutions to practical financial issues emerged in private and public entities; ➤ Understanding corporate governance principles and practices.

7. Subject objectives (arising from the acquired specific competences)

7.1 Subject's general objective	The course explains the main concepts on which the analysis and execution of financing decisions are based. The course is designed to offer superior information and background in corporate valuation, risk management, financial planning and corporate governance.
7.2 Specific objectives	<ul style="list-style-type: none"> ➤ Goes deeply in the estimation of the cost of capital and into the investment and financing decision making; ➤ Substantiates the choice of the capital structure at the corporation level and analysis its impact on the value of the corporation; ➤ Presents and explains models applied in the financing decisions such as the sensitivity and break-even analysis and simulation methods; ➤ Presents the fundamentals of long term financial planning; ➤ Working capital management and short term financial planning; ➤ Explains the structure and principles of corporate governance; ➤ Leads to a profound understanding of the legal and ethical responsibilities of shareholders, board of directors and managers.

8. Contents

8.1 Course	Teaching methods	Observations
Financing resources and cost of capital estimation	Theoretical speech; Examples and explanations.	Weekly lectures
Return, risk and capital market equilibrium		
Capital budgeting techniques		
The investment decision in practice		
Financing decision and market efficiency		
Dividend policy and growth opportunities		
Capital structure choices and determinants		
Valuing Options		
Real options		
Risk management: forward, futures and swaps		
Financial analysis and planning		
Mergers: benefits and costs estimation		
Conflict of interest between managers and shareholders		
Good practices in corporate governance		

References:

1. Bodie Z., Kane A., Marcus A.J., *Essential of Investments*, McGraw-Hill, 2007
2. Ehrhardt M., Brigham E.F., *Corporate finance*, South Western College Pub, 2002
3. Grinblatt M., Titman S., *Financial Markets and Corporate Strategy*, Irwin Professional Publishing, 1997
4. Halpern P., Weston J.F., Brigham E. F., *Finanțe manageriale*, Ed. Economică, București, 1998
5. Hirschey M., Kose J., Makhija A., *Corporate Governance and Finance*, Advances in Financial Economics, JAI Press, 2003
6. **Brealey R., Myers S., Allen F., *Principles of Corporate Finance*, McGraw-Hill/Irwin, 2013**
7. Renneboog L., *Advances in Corporate Finance and Asset Pricing*, Emerald Group Publishing, 2006
8. **Ross S. A , Westerfield R.W., Jaffe J. , *Corporate Finance*, McGraw-Hill, 2012**
9. Shapiro A., *Capital Budgeting and Investment Analysis*, Prentice Hall, 2005
10. Watson D., Head A., *Corporate finance. Principles and Practice*, Prentice Hall, 2007

8.2 Seminar/laboratory	Teaching methods	Observations
Cost of equity estimation models	Applications. Debates and permanent feedback from master students.	1 seminar
The risk-return relationship, validity of the CAPM	Case study. Debates and permanent feedback from master students.	1 seminar
NPV superiority over concurrent capital budgeting techniques	Applications. Debates and permanent feedback from master students.	1 seminar
Sensitivity analysis and Monte Carlo simulation	Case study. Debates and permanent feedback from master students.	1 seminar
Stock issue and evaluation models	Applications Case study. Debates and permanent feedback from master students.	1 seminar
The WACC under taxation	Case study. Debates and permanent feedback from master students.	1 seminar
The Miller-Modigliani Theorem	Applications Case study. Debates and permanent feedback from master students.	1 seminar
Basics of option pricing	Applications. Debates and permanent feedback from master students.	1 seminar
Debt financing and bond market innovation	Applications Case study. Debates and permanent feedback from master students.	1 seminar
Forward, futures and swaps	Applications. Debates and permanent feedback from master students.	1 seminar
Working capital management	Applications Case study. Debates and permanent feedback from master students.	1 seminar
Short-term financial planning	Case study. Debates and permanent feedback from master students.	1 seminar
Long-term financial planning	Case study. Debates and permanent feedback from master students.	1 seminar
The mechanisms and tactics of mergers	Case study. Debates and permanent feedback from master students.	1 seminar

References:

1. Bodie Z., Kane A., Marcus A.J., *Essential of Investments*, McGraw-Hill, 2007
2. Ehrhardt M., Brigham E.F., *Corporate finance*, South Western College Pub, 2002
3. Grinblatt M., Titman S., *Financial Markets and Corporate Strategy*, Irwin Professional Publishing, 1997
4. Halpern P., Weston J.F., Brigham E. F., *Finanțe manageriale*, Ed. Economică, București, 1998
5. Hirschey M., Kose J., Makhija A., *Corporate Governance and Finance*, Advances in Financial Economics, JAI Press, 2003
6. **Brealey R., Myers S., Allen F., *Principles of Corporate Finance*, McGraw-Hill/Irwin, 2013**
7. Renneboog L., *Advances in Corporate Finance and Asset Pricing*, Emerald Group Publishing, 2006
8. **Ross S. A , Westerfield R.W., Jaffe J. , *Corporate Finance*, McGraw-Hill, 2012**
9. Shapiro A., *Capital Budgeting and Investment Analysis*, Prentice Hall, 2005
10. Watson D., Head A., *Corporate finance. Principles and Practice*, Prentice Hall, 2007

9. Corroboration / validation of the subject's content in relation to the expectations coming from representatives of the epistemic community, of the professional associations and of the representative employers in the program's field.

The knowledge of capital budgeting techniques is necessary for ensuring the financial stability of a corporation. Cost of capital estimation, the choice of financial structure, the impact of risk in projects valuation, risk management solutions, financial planning designs and corporate governance knowledge are practical issues that will be thoroughly studied during the classes. A deep comprehension of the behavior of shareholders, directors and managers and its impact on corporative performance is essential in developing the skills needed in order to monitor the risks and solve financial dilemmas.

10. Assessment (examination)

Type of activity	10.1 Assessment criteria	10.2 Assessment methods	10.3 Weight in the final grade
10.4 Course	Cost of equity estimation models	Written exam	50%
	Implications of the capital budgeting techniques on capital allocation		
	The role and validity of the CAPM		
	Risk management		
	Theories on capital structure and dividend policy		
	Corporate governance principles and practice		
10.5 Seminar/laboratory	The master students will be required to work on a practical research project which will be evaluated at the end of the semester	Evaluation of the quality of the employed data, methodology and conclusions (70% of the project's grade) Quality of the oral presentation (30% of the project's grade)	50%
10.6 Minimum performance standard			
<ul style="list-style-type: none"> • It is necessary to obtain a minimum grade of 5 (five) in order to pass this subject; • The grades being granted are between 1 (one) and 10 (ten); • Master students must approach each element (question, problem) within the exam sheet; • The exam is written and takes approximately 120 minutes; • In order to pass the exam it is compulsory for the master students to be familiar to the capital budgeting techniques, cost of equity estimation models, hurdle rate choice, essentials of corporate evaluation methods. 			