

MODULE OUTLINE

Lecturer Swati Kanoria
s.kanoria@stern.nyu.edu

Semester Spring

Pre-requisites

Students should know basic finance and accounting terms. Students should be familiar with basic numerical calculations.

Module Aim

This module aims to give you a sound understanding of the main theories and models of Corporate Finance. By the end of the module, you should be critically aware of the key financial decisions taken by firms.

Course Overview

This course sheds light on the various decision-making aspects that managers of corporations face in real life. Starting from the preliminary concept of 'Net Present Value' analysis used in firm valuation, the course progresses to explain how a firm finances its investments. We focus on debt and equity as the two main sources of funds and learn how 'asymmetric information' can lead to various 'agency costs'.

Once equipped with knowledge about a firm's 'capital structure', we explore how 'frictions' like personal and corporate taxes impact 'stakeholders' of a firm.

Lectures & Seminars

This 21-hour course is divided between lectures, seminars and a group-work project. At the end of every lecture, students will be given problem sheets to be discussed in the following day's seminar. Group-work primarily involves solving problem sets and paper presentations.

Assessment

The module uses both formative and summative evaluation. Students will be continuously assessed on the basis of their participation in lectures and seminars (40% of the overall mark). Attendance at both is thus strongly encouraged.

Students will be assessed on a group project towards the end of the course (60% of the overall mark). Further information about the final group project will be given in due course.

Textbooks

The module does not follow a textbook. The following textbooks can be useful for supplementary reading, however note that

- some material in the lectures and seminars is not covered in the textbooks, and
- textbooks may cover some topics in more detail and other topics which are not considered in this module.

The recommended textbook is:

Copeland TE, Weston JF & Shastri K
Financial Theory and Corporate Policy (4th edition) Pearson

Other textbook worth consulting:

Berk J & DeMarzo P
Corporate Finance (3rd edition) Pearson