



UNIVERSITY OF NEW YORK IN TIRANA Course Syllabus

Course : Corporate Finance (4 credit hours) 233101
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Catalog Description

This course is designed for students who desire formal study of corporate financial management and decision-making. It provides a strong conceptual framework for understanding managerial finance and the dynamic economic environment in which corporate financial decisions are made. It considers the role of the financial manager within the business firm and the empirical aspects of corporate finance. Students should gain a better understanding of the theoretical, institutional, historical and empirical aspects of the field. Major topics will include: techniques of financial analysis and planning; management of working capital; fixed assets and capital budgeting; cost of capital; capital structure; dividend policies; and sources of long term financing.

Prerequisites: Upper division standing and Introduction to Accounting and Micro- or Macroeconomics.

Course Purpose

Corporate Finance is about financial decisions made by corporations, which are broadly of two types: What investments a firm should undertake (i.e., investment decisions); and how these investments must be financed (i.e., financing decisions). The purpose of the course is to familiarize students with approaches and techniques to make the right financial decisions.

Required Readings, Text

Brealey, Richard A., Stewart C. Myers, and Franklin Allen (2006). *Principles of Corporate Finance*. New York: McGraw-Hill Irwin.

A few additional readings may occasionally be required from hand-outs.

Course Objectives

Upon successful completion of the course, students are expected to be sufficiently familiar with the financial problems corporations are faced with, as well as the tools and approaches needed to tackle them. More specifically, students should be able to:

1. Evaluate various investment alternatives and choose the one that fits the firm's strategy;
2. Understand the risk/return relationship that is relevant in all financial decisions;
3. Understand the time value of money;
4. Evaluate various financing alternatives and choose the one that fits the firm's strategy;
5. Calculate and manage risk; and
6. Know the instruments available to maximize a firm's value.

Content of the Course

1. Value
2. Risk
3. Practical Problems in Capital Budgeting
4. Financing Decisions and Market Efficiency
5. Payout Policy and Capital Structure
6. Options
7. Debt Financing
8. Risk Management
9. Financial Planning and the Management of Working Capital
10. Mergers, Corporate Control, and Governance

Course Requirements

The total course score will be weighted as follows: Attendance and participation (10 per cent), homework assignment (15 per cent), two class examinations (20 per cent each) during the course, and final examination (35 per cent). The examinations, including the final one will be cumulative, covering all the topics discussed until that date.

Attendance is compulsory as per the University rules. You may miss up to three classes without penalty - your first two absences count whether you have a good excuse or not. Each absence beyond the first three will cost you points off of your participation grade. The only exceptions to this rule are severe illness (doctor's note required) and UNYT approved trips/activities. Appropriate documentation for absences beyond the first three is necessary the class day directly before or after the one you miss. In general: this class is intensive and interactive. Missing class could seriously affect your grade. Students are reminded not to approach the instructor for copies of the previous week's materials immediately before, during, or immediately after class. Students are expected to collect materials from their classmates.

Active participation is strongly encouraged. For more fruitful and to-the-point discussions students are advised to come to classes having read the relevant chapters.

Course Schedule

The lectures are generally on Thursdays from 5pm-9pm. There may be exceptions to this rule, and the lecturer will notify the students in advance for any cancellation and make-up class. Notwithstanding any unforeseen changes the dates of the lectures are as below. Please note that there will be two extra lectures (noted by “XX” to make-up for the late start).

8 October 2007	: Overview, Value (Part One)
22 October 2007	Value (Part One) Continuing
29 October 2007	: Risk (Part Two)
5 November 2007	: Practical problems in capital budgeting (Part Three)
12 November 2007	: Financing decisions and market efficiency (Part Four)
19 November 2007	: Midterm exam 1 – (covering Part One to Three)
26 November 2007	: Payout policy and capital structure (Part Five)
3 December 2007	: Options (Part Six)
10 December 2007	: Debt financing (Part Seven)
17 December 2007	Midterm exam 2 – (covering Part Four to Six)
7 January 2008	: Risk Management (Part Eight)
14 January 2008	: Financial planning and the management of working capital (Part Nine)
21 January 2008	: Mergers, corporate control, and governance (Part Ten)
1 February	: Final Exam

An extra session of two hours, every 2 weeks (Thursdays?) , will be devoted to review, exercises, and Q&As.

General Requirements

Punctuality, appropriate dress code, and considerate behavior in class are required of all students. In the event of illness or emergency, contact your instructor IN ADVANCE to determine whether special arrangements are possible. The University’s rules on academic dishonesty (e.g. cheating, plagiarism, submitting false information) will be strictly enforced. Please familiarize yourself with the STUDENT HONOUR CODE, or ask your instructor for clarification.

If you feel that you have special learning difficulties, please, make an appointment with Ms Anxhela Gramo. Ms Gramo is trained to help students with learning difficulties. She shall provide this service to our students, just as it is offered in all American universities.

Grading Scale

Letter Grade	Percent (%)	Generally Accepted Meaning
A	96-100	Outstanding work
A-	90-95	
B+	87-89	Good work, distinctly above average
B	83-86	
B-	80-82	
C+	77-79	Acceptable work
C	73-76	
C-	70-72	
D+	67-69	Work that is significantly below average
D	63-66	
D-	60-62	
F	0-59	Work that does not meet minimum standards for passing the course

Bibliography (Additional readings)

Please refer to end-of-chapter 'Further Reading' sections of the text-book.

Technology Expectations

Assignments are to be word-processed and/or produced as excel spreadsheets.

Date Prepared and By Whom Prepared

6 October 2007, Keler Gjika