

IWC.303: Principles of Finance

Professor Jongsub Lee

KU Business School International Winter Campus (IWC) 2019 - 2020

E-mail: jongsub.lee@snu.ac.kr

Office Hours: By appointment

Office: 58-202, 1 Gwanak-ro Gwanak-gu, Seoul.

Web: www.jongsublee.com

Class Hours: 9:00-11:50 am

Class Room: TBA

Course Description

This course is an introductory corporate finance class, covering the major topical areas in the modern finance theory and practices. Starting with the introduction of corporations and capital markets, this course examines financial decision making and the law of one price, the time value of money, interest rates, valuing bonds, investment decision rules, capital budgeting, stock valuation, capital markets and the pricing of risk, capital structure policy, and corporate valuation with leverage. By the end of this course, students will have a grasp of basic finance principles and that they will have gone beyond just memorizing facts and formulas. This course will enable students to better understand current events in finance and will provide a solid framework for any subsequent courses they may take in finance.

Course Materials

- **Textbook (required)**
 - Jonathan Berk and Peter DeMarzo, Corporate Finance, Pearson Education, the 5th Edition.
- Lecture notes will be posted on the course website.
 - Problem sets are assigned from the end-of-chapter problems in the text book. They are circulated with solutions. Hence you do not have to submit your homework.
 - * Selective questions from the problem sets are tested 2 times during the term as quizzes.
- You need a (financial) calculator for this class.

Grading Policy

Students who are absent for over 1/3 of the class will receive a grade of 'F' or 'U' for the course. The KU IWC grading scale will be used. The grade will count the assessments using the following proportions:

- 2 quizzes from problem sets (2 × 30%)
- A closed-book end-of-term examination (40%)
- An optional case study (**Extra credit** +10%)

Students who wish to conduct an extra credit case study (optional) should consult with me **on day-12**. I will then give more detailed guidance on the case study individually.

Course Schedule (Tentative)

Day 01 (12/27/2019 Fri): Introduction of Corporations and Financial Markets & Introduction to Financial Statement Analysis

- Readings: **Chapter 1, Chapter 2**

Day 02 (12/28/2019 Sat): Financial Decision Making and the Law of One Price

- Readings: **Chapter 3**

Day 03 (12/30/2019 Mon): The Time Value of Money & Interest Rates

- Readings: **Chapter 4, Chapter 5**

Day 04 (12/31/2019 Tue): Valuing Bonds

- Readings: **Chapter 6**

Day 05 (1/2/2020 Thu): Investment Decision Rules

- Readings: **Chapter 7**

Day 06 (1/3/2020 Fri): Fundamentals of Capital Budgeting

- Readings: **Chapter 8**

Day 07 (1/6/2020 Mon): **Quiz #1 (Closed-book)**

Day 08 (1/7/2020 Tue): Valuing Stocks

- Readings: **Chapter 9**

Day 09 (1/8/2020 Wed): Capital Markets and the Pricing of Risk

- Readings: **Chapter 10**

Day 10 (1/9/2020 Thu): Optimal Portfolio Choice and the Capital Asset Pricing Model

- Readings: **Chapter 11**

Day 11 (1/10/2020 Fri): **Quiz #2 (Closed-book)**

Day 12 (1/13/2020 Mon): Capital Structure in a Perfect Market

- Readings: **Chapter 14**

Day 13 (1/14/2020 Tue): Debt and Taxes

- Readings: **Chapter 15**

Day 14 (1/15/2020 Wed): Capital Budgeting and Valuation with Leverage

- Readings: **Chapter 18**

Day 15 (1/16/2020 Thu): **End-of-term Exam (Closed Book)**