Corporate Finance

Course Description

How is funding provided to a corporate activity? How much loan capital and/or own capital does one need? Which projects are worth investing in? What is the actual value of a company? What instruments are available to measure the value of a company and assess financial markets? How can one ensure an optimal balance between the competing goals of liquidity, safety, yield, and growth? This course answers these and other complex questions on financing and investing. The introduction deals with portfolio selection and capital market theory. Given this theoretical foundation, various financing strategies and capital structures are then explained in detail. Well-known corporate assessment procedures, such as the discounted cash flow method, are presented, as are calculations that inform decision-making. A critical element of the course is the topic of mergers and acquisitions. Case studies are discussed to illustrate which parties are typically involved in mergers or acquisitions and which criteria are used to determine the success of such a venture. The course concludes by discussing the topic of finance planning.

Contents

1. Portfolio and Capital Market Theory
   1. Capital Markets and Informational Efficiency
   2. Portfolio Theory
   3. Capital Asset Pricing Model
2. Stock and Portfolio Analysis
   1. Measures of Risk and Performance
   2. Stock Analysis
3. Optimal Capital Structure
   1. Capital Structure Based on the Traditional Theorem
   2. Capital Structure According to Modigliani and Miller
   3. Neo-Institutional Capital Structure Model
4. Types of Financing
   1. Internal and External Financing
   2. Debt Financing
   3. Equity Financing
   4. Additional Financing Options
5. Capital Budgeting
   1. Fundamental Concepts
   2. Static Capital Budgeting Methods
   3. Dynamic Investment Calculation Methods
6. Business Valuation
   1. Purpose and Methods of Business Valuation
   2. Individual Valuation Methods
   3. Total Valuation Methods
   4. Weighted Average Cost of Capital (WACC)
7. Corporate Control and Mergers and Acquisitions (M&A)
   1. The Market for Corporate Control: M&A
   2. Motivations for M&A Transactions
   3. Phases of M&A Transactions
8. Specific Forms of M&A, Private Equity, Due Diligence, and IPOs
   1. Due Diligence
   2. Friendly and Hostile Takeovers, LBOs, MBOs, MBIs, and IPOs
   3. Private Equity & Venture Capital Companies
9. Corporate Governance
   1. Internal and External Corporate Governance
   2. Example of Legal Basis: Sarbanes Oxley Act (SOX)
   3. Effect on the Company Performance and the Significance of Ownership Structures
   4. Additional Financing Options
10. Financial Planning
    1. Principles of Financial Planning
    2. Cash Budgeting
    3. Projected Financial Statements and Ratios