

# California State University, East Bay/Institute of Business and Economics

MBA Program in Moscow

FIN6300: Seminar in Corporate Financial Management

Spring 2008

**Instructor:** Dr. Gregory Perelman      **Class Web site:** [www.gperelman.com](http://www.gperelman.com)  
**Office Hours:** 5:30 pm (before every class)      **Class Meetings:** 6:30-9:45 pm

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## Course Objectives:

### **OBJECTIVE I: GAIN KNOWLEDGE OF CORE CONCEPTS OF FINANCIAL THEORIES AND THEIR APPLICATION IN CORPORATE VALUE MAXIMIZATION**

The course is designed to impart the following analytical formats for decision making:

1. Application of theoretical concepts and models in valuation of assets.
2. Analysis of risk-return relationship and asset pricing under the condition of single asset and portfolio investments
3. Evaluation of project investment proposals and making optimal investment decisions
4. Analysis of sources of financing and making optimal capital structure decision.
5. Dividend policy issues and formulation of optimal dividend policy

### **OBJECTIVE II: DEVELOP FINANCIAL DECISION MAKING SKILLS**

The study of core concepts of financial theories and application is aimed to develop the following skills:

- A. **APPLICATION SKILLS:** Students will be equipped with skills necessary to determine the market value of financial and non-financial assets, and make decisions on investment proposals, capital structure, and dividend policy
- B. **INFORMATION SKILLS:** Students will be able to research and gather corporate and financial market data through library data sources and online information for the analysis of financial issues.
- C. **ANALYTICAL SKILLS:** Students will be able to use appropriate models and analyze alternatives for financing and investment in the context of value creation.
- D. **MANAGERIAL SKILLS:** Students will develop necessary skills to process and coordinate information on financial aspects, cost structure and market demand and supply, and competition.

### **OBJECTIVE III: REINFORCE IMPORTANT VALUES**

- A. Upon completion of the course, students are expected to thoroughly understand the technicalities of achieving the basic objective of the firm – to maximize the value of the shareholders equity.
- B. Students will develop professional qualities and sense of responsibilities in managing finance related problems and other crucial corporate issues, and understand the role of financial manager in the corporate framework.

## Teaching Style:

Lectures, class discussions, problems solving and case reviews.

## Required text:

Stephen A. Ross, Westerfield, R.W. and Jaffe, J., "Corporate Finance." Irwin McGraw-Hill, 5<sup>th</sup> Ed 1999.  
Finance 6300 Case Reader: *SUN Brewing (B)* and *Dividend Policy at Linear Technology*  
Other required reading materials will be distributed in class or over the class web page.

## Class participation:

This course is structured as a SEMINAR, which means you must come prepared for class discussions and actively participate in class to receive credit. This also means that unexcused absences will count against your final grade.

## Team project:

In this class you will work with a team (between 5 and 6 students) on a project, which you will present in class. In this project you will apply the body of knowledge covered in the course. You will pick one Western and one Russian public company in the same industry and conduct an analysis of their investment, financing and dividend policies. More details will be provided in class discussions and on the class web page. Please note: there will be one grade earned by each team and this grade will apply to all members of the team. The same rule applies to case studies – we will have two case discussions during the course.

**Exams:**

We will have one midterm and a final examination. You can use calculator and one sheet of paper (both sides) with your OWN notes during any examination. No make up exams will be given.

**Grading Policies:**

Midterm	25%
Final	25%
Team project/presentation	25%
HBS case studies	10%
Class participation and quizzes*	<u>15%</u>
Total	100%

\*To ensure steady progress in learning the course materials, we will have two or three *unannounced* quizzes in class with each worth 3% of your final grade. Therefore, your class participation will be worth between 6% and 9% of your final grade.

<i>Tentative class schedule (subject to change)</i>			
Meeting	Date	Topic	Reading
1	February 7 Thursday	Introduction to corporate finance; objective function, corporate governance; review of financial statements.	Required: Ch. 1 and 2
2	February 14 Thursday	Pricing of stocks and bonds	Required: Ch. 5 and HBS Case: <i>Sun Brewing (B)</i> Review: Ch. 4, 6, 19, 20
3	February 21 Thursday	Case discussion: <i>SUN Brewing (B)</i> ; Risk and return analysis, capital market theory (CAPM), portfolio theory	Required: Ch.9, 10, Optional: Ch. 11
4	March 4 Tuesday	Risk and return analysis (cont.); capital budgeting under uncertainty	Required: Ch. 7, 8, 12
5	March 6 Thursday	Capital budgeting under uncertainty (cont.)	Required: Ch. 7, 8, 12
6	March 11 Tuesday	Intro to capital structure Midterm	Chapters 1-12
7	March 13 Thursday	Capital structure and dividend policy	Required: Ch. 13, 15, 16, 18; HBS Case: <i>Linear Technology</i> ; Review: Ch. 14
8	March 17 Monday	Case discussion: <i>Dividend Policy at Linear Technology</i> Financial planning and short-term finance	Required: Ch. 26, 27, 28 Optional: Ch. 29
9	March 20 Thursday	Special topics ( <i>time permitting</i> ): Valuations (guest speaker from Merrill Lynch) <i>and/or</i> Options and hedging in corporate finance (guest speaker from Deutsche Bank)	Chapter 17, 30 Chapters 21, 22, 25
10	March 24 Monday	Project presentations	
11	March 27 Thursday	Final exam	Topics covered after midterm

The material in chapters indicated as “review” was covered in your introductory finance course. I encourage you to read them if you need to refresh your memory. Links to articles (required and recommended readings) will be posted on the class web page.

**Please note:** it is recommended to study between three to five hours for every hour you spend in class, so plan your time accordingly. Also, check the class webpage [www.gperelman.com](http://www.gperelman.com) frequently during the course, especially if you were late for our meeting or had to leave early. I will post as much course materials as possible to help you succeed in this class (references to current events relevant to our course, class notes, review notes, samples of tests with solutions, examples of financial analysis o help you with your team project, clarifications of questions posed during in-class discussions, etc.)