

Corporate Finance

Second module, 2019-2020 academic year

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Course description

This course introduces main concepts and approaches in corporate finance: the notion of corporation, time value of money, investment decision rules, firm valuation, capital markets and pricing of risk, optimal portfolio choice and capital asset pricing model.

Course requirements, grading, and attendance policies

The final grade will be based on the final exam (70%) and three home assignments (30%). Students will have two weeks to solve each home assignment.

Course contents

The course will follow the Corporate Finance book by Johnathan Berk and Peter DeMarzo, chapters 1-12.

1. The Corporation, arbitrage and financial decision-making.
2. Time value of money, Interest rates.
3. Investment decision rules, capital budgeting.
4. Valuing stocks and bonds.
5. Capital Markets and the Pricing of Risk.
6. Optimal Portfolio Choice and the Capital Asset Pricing Model.
7. Estimating the cost of capital.

Description of course methodology

Main concepts will be introduced during lectures; examples will be solved during TA sessions. Home assignments and the final exam will be based on the material covered in lectures and TA sessions.

Course materials

Required textbooks and materials

Corporate Finance by Johnathan Berk and Peter DeMarzo.

Additional materials

Investments, by Zvi Bodie, Alex Kane, and Alan Marcus.

Academic integrity policy

Cheating, plagiarism, and any other violations of academic ethics at NES are not tolerated.