

COURSE SYLLABUS FOR FULL-TIME UNDERGRADUATE PROGRAMS

(Issued under Decision No.1380/QĐ-ĐHKTQĐ on 15/8/2016 by the University President)

1. COURSE NAME: Models of Corporate Finance

Code: **TOTC1110**

Number of Credits: 03

2. DEPARTMENT IN CHARGE OF INSTRUCTION:

Mathematical Finance

Office: Faculty of Economic Mathematics –Floor 4, Building 7

Office Hours: 8am-5pm, from Monday to Friday

Office Telephone: (84) 04 3628 3007

3. PRE-REQUISITES:

Microeconomics; Macroeconomics; Basic Information; Econometrics; Theory of Mathematical Economics Model 1; Optimization 1; Theory of Finance and Monetary.

4. COURSE DESCRIPTION:

This course provides the concepts and methods of valuation of the company on the financial markets; approach valuing the company modeled Modigliani & Miller and OPM model based on the following influencing factors:

- The cost of capital and risk-adjusted approach modeled CAMP
- Forecasts of future profit stream
- Debt leverage (capital structure) and corporate income tax, personal income tax
- Dividend policy and information effects

From these models come to discuss the topic of corporate financial governance: raising capital through the issuance of securities, loans, property lease; Investment projects and appraisal of investment projects, determining the residual value of the project; Distribution of profits through dividend policy and retained earnings.

The course also incorporates the knowledge of financial reporting in the Corporate Finance subject to important discussions about how to use the company's financial indicators with the trading price of the shares, determined on a Beta coefficient transaction prices ... for analysis and valuation.

5. COURSE OBJECTIVES:

After completing the program, students need to understand capital structure model forms raise capital by issuing shares, raising debt or use financial leasing contracts.

The forms of mobilization as well as mergers, restructuring the company will influence how to shareholder value (market value of equity), the market value of the company; Method of stock valuation company release on the primary market.

With the knowledge of the course combined with the economic knowledge of people learning testable theoretical models with experimental observations.

The course enables students to have a dynamic analytical framework to analyze market movements when valuing companies and support for decision-making in public policy ty. Ben also proposed addition to the exercise of reason stochastic process theory to simulate a forecast on a very important variable in company valuation model: cash flow, future earnings stream. This is the trend of modern approaches in financial science that students need to learn to continue in the thematic of higher education.

6. COURSE CONTENT:

TENTATIVE SCHEDULE

<i>No.</i>	<i>Contents</i>	<i>Number of teaching periods</i>	<i>Consist of</i>		<i>Note</i>
			<i>Theory</i>	<i>Exercises, discussion, examination</i>	
1	Chapter 1	5	3	2	
2	Chapter 2	7	5	2	
3	Chapter 3	7	5	2	
4	Chapter 4	13	8	5	
5	Chapter 5	8	6	2	
6	Chapter 6	5	3	2	
	Total	45	30	15	

CHAPTER I. OVERVIEW OF CORPORATE FINANCE

The company's financial model (theory of value measurement company) is the study of the model related to the valuation of the company on the financial market, also known as market value company. These models are the research results of scholars in the field of scientific resources chinh.Chung built based on company values perspective depends primarily on future revenue streams and profitability love bridge on the capital (cost of capital) that companies use; The course focuses on risk-adjusted cost for each category of each company's capital by techniques used capital asset pricing model CAMP (This model is based on the principle of balance and the capital market assets are priced so that the expected return on risk adjusted located on the stock market). Besides research subjects also affect the capital structure of the company value in terms of taxes and no taxes. Based on the research platform has come to consider the subject of financing decisions, raising capital, dividend policy, managers use shareholder perspective.

This program acts as an overview of the Essential raised these issues and the development of corporate finance theory according to modern trends. It is our goal to help students with an overview of the topics will be presented in the course as well as the methodology used in the subject.

1.1. Cong company and decisions in the field of corporate finance

1.1.1. Corporate and business type

1.1.2. The financial decisions in companies

1.2. Business environment and financial markets in view of the company

1.2.1. The function of financial markets

1.2.2. The structure of financial markets

1.2.3. The macroeconomic policies of the government

1.2.4. The policy of the sector and micro companies

1.3. Company shares and the introduction of company value theory

1.3.1. Joint stock company

1.3.2. The concept and basic principles of the theory of company value

1.3.3. Valuation principles shareholding company

References:

+Eugene F. Brigham + Joel F.Houston, 2009, *Financial Management*, Cengage Learning Asia Pte Ltd, Chapter 1.2.

+ Thomas E. Copeland, Weston J.Fred, 1989, *Financial Theory and Corporate Policy*, 3rd Edition, Addison-Wesley Publishing Co., Chapter 12.

CHAPTER II. ANALYSIS OF FINANCIAL STATEMENTS

In this chapter recalls the financial statements of the company, presented the handling of information on the report in view of the investment and management.

Then referring to the analysis of financial statements which go deep into the analysis of indicators related to firm value, index-linked returns with the market value, economic value added and prices value-added markets. Last chapter refers to the analysis of the index by the method of time series analysis.

The objective of this program is to help students understand the basic factors impact on the value of the company and build the analytical framework of this impact.

Besides helping students gain skills to analyze the underlying index formed from the financial statements with the use of econometric models to analyze the sequence of the index over time and by sector. So we can analyze the impact of financial factors fundamental to value the company, financial risk analysis company.

2.1. Reports and information processing

2.1.1. Balance sheet

2.1.2. Report on business results

2.1.3. Statements of cash flows

2.1.4. Retained earnings reports

2.1.5. Information processing analysis of financial statements in view of the investment and management

2.2. The indicators used in company valuation analysis

- 2.3. The index-linked returns with the market value of the company
- 2.4. Increased market value and economic value-added
- 2.5. Method of time series analysis, data for the index array

References:

- + Eugene F. Brigham + Joel F.Houston, 2009, *Financial Management*, Cengage Learning Asia Pte Ltd, Chapter 3.4.
- + Nguyen Quang Dong, 2010, *Analysis time series*, The scientific and technical publishing, Chapter 2.

CHAPTER III. PROJECT EVALUATION IN UNCERTAIN CONDITIONS

This chapter refers to the project and appraisal, valuation of company projects. The analysis of project evaluation be considered along with the formation and affect the value of the company. Analyze project evaluation in uncertain conditions with CAPM leading to project risk analysis and pricing to make the decision to sell the project or stop temporarily.

- 3.1. Analysis of project appraisal in certain conditions
 - 3.1.1. The financial criteria used to evaluate projects
 - 3.1.2. Appraisal reporting and analysis
- 3.2. Analyze project evaluation in uncertain conditions
 - 3.2.1. CAPM and the choice of discount rate of the project
 - 3.2.2. The formula certainly comparable valuations
 - 3.2.3. Model evaluation phase
 - 3.2.4. Model multi-stage evaluation
 - 3.2.5. Using APT theory to evaluate the project NPV
 - 3.2.6. Project Risk Analysis
- 3.3. The resale price projects
 - 3.3.1. The resale price projects traditional method
 - 3.3.2. The resale price projects under option pricing model

References:

- + Eugene F. Brigham + Joel F.Houston, 2009, *Financial Management*, Cengage Learning Asia Pte Ltd, Chapter 11.12, 13.
- + Thomas E. Copeland, Weston J.Fred, 1989, *Financial Theory and Corporate Policy*, 3rd Edition, Addison-Wesley Publishing Co., Chapter 13.

**CHAPTER IV. CAPITAL STRUCTURE THEORY AND VALUES
COMPANY**

This chapter company valuation approach modeled Modigliani & Miller and OPM model based on the following influencing factors:

- The cost of capital and risk-adjusted approach modeled CAMP
- Forecasts of future profit stream
- Debt leverage (capital structure) and corporate income tax, personal income tax

From these models come to discuss the topic of corporate financial governance: raising capital through the issuance of securities, debt.

- 4.1. The concept funding and capital costs

- 4.2. MM models of company value in the case only corporate income tax
 - 4.2.1. The assumptions of the model
 - 4.2.2. MMI models of company value in the event of debt leverage
 - 4.2.3. The cost of capital weighted average WACC
 - 4.2.4. MMII cost model equity
 - 4.2.5. Performing graph
- 4.3. MM models of company value in the event of company income tax and personal income tax
- 4.4. Combined MM & CAPM model in matters of risk
 - 4.4.1. Capital costs and systemic risk
 - 4.4.2. Capital costs of the project have different risk levels
- 4.5. The cost of capital for risky loans and option pricing models OPM
- 4.6. Maturity structure of debt
- 4.7. Learn about the existence of the optimal capital structure
 - 4.7.1. Bankruptcy costs and effects
 - 4.7.2. Signal behavior
 - 4.7.3. Capital structure perspective, option pricing.
 - 4.7.4. Theory deprive creditors
- 4.8. Experimental observation of Capital Structure
- 4.9. Application of the theory of capital structure

References:

Thomas E. Copeland, Weston J.Fred, 1989, *Financial Theory and Corporate Policy*, 3rd Edition, Addison-Wesley Publishing Co., Chapter 13, 14.

CHAPTER V. DIVIDEND POLICY THEORY

This chapter presents the analysis model company value with the impact of the decision to mobilize capital for investment projects for new era serial, scale expansion projects the company, decided to split profits through dividend policy. Finally discuss the experimental observations.

- 5.1. Dividend policy
 - 5.1.1. Analysis of capital and dividend policies used
 - 5.1.2. Formula recursive valuation
 - 5.1.3. Dividend policy does not affect the valuation issues
- 5.2. Valuation model growth and dividend policy in the tax case
 - 5.2.1. Valuation unlevered company in case of growth
 - 5.2.2 Maximizing profit growth per share is not a reasonable goal
 - 5.2.3 The independence between investment plans and dividend policy
 - 5.2.4 Model of super growth companies limited to unlevered
- 5.3. Dividend policy in the case of personal income tax and corporate income tax
- 5.4. Theoretically optimal dividend policy
 - 5.4.1. The theory on the basis of tax and investment opportunities
 - 5.4.2. The theory on the basis of information on dividend paid
 - 5.4.3. Agency costs, external financing and optimizing dividend

5.5. Other issues on dividend policy

5.5.1. Effects dividends groups

5.5.2. Day effects not pay dividends

5.5.3. Effects debt group

5.6. Perform empirical observations of the relationship between the dividend policy and stock prices

5.6.1. Effects announced dividend policy

5.6.2. The relationship between dividends and stock prices

5.7. Repurchase of shares through tender

5.8. Company pricing policy

References:

Thomas E. Copeland, Weston J.Fred, 1989, *Financial Theory and Corporate Policy*, 3rd Edition, Addison-Wesley Publishing Co., Chapter 15.16.

CHAPTER VI. THE ECONOMICS OF LEASING

This chapter presents the models of company value analysis to arrive at the decision to select properties to rent or buy. The model shows the factors affecting the nature of this decision and leases as a form of raising capital.

6.1. Introducing the life history

6.2. Basis of accounting and legal leasing activity

6.2.1. The form of hire purchase

6.2.2. Tax and property lease issues

6.2.3. Accounting issues

6.2.4. Benefits of renting

6.3. Theory leasing

6.3.1. Cash flow analysis

6.3.2. Financial leasing

6.3.3. Operating lease

6.3.4. Effect of different tax rates to the value of hire purchase

6.3.5. Leverage lease purchase

6.4. Experimental study on leasing

References:

Thomas E. Copeland, Weston J.Fred, 1989, *Financial Theory and Corporate Policy*, 3rd Edition, Addison-Wesley Publishing Co., Chapter 17.

7. REQUIRED TEXTBOOKS & COURSE MATERIALS:

1. Tran Chung Thuy, *Models of corporate finance*, National Economics University.

8. RECOMMENDED TEXTS & OTHER READINGS:

1. Business law.
2. Brealey, R.A. & S.C. Myers, 1996, *Principles of Corporate Finance*, 5th Edition, McGraw-Hill, Inc.
3. Stephen A. Ross, Randolph W. Westerfield, Jeffrey Jaffe, 2002, *Corporate Finance*, 6th Edition, McGraw-Hill, Inc..

4. Tom Copeland, Thomas E. Copeland, Jack Murrin, Tim Koller, 2000, Valuation: Measuring and Managing the Values of Companies, 3rd Edition, McKinsey & Co.
5. Jonathan Berk, Peter DeMaZo, 2007, Corporate Finance
6. Thomas E. Copeland, J. Fred Weston, Financial Theory and Corporate Policy, 3rd Edition, Addison-Wesley Publishing Co., 1989.
7. Eugene F. Brigham, Joel F. Houston, 2009, *Financial Management*, Cengage Learning Asia Pte Ltd.

9. ASSESSMENT & GRADING POLICY:

- ✓ Attendance enough hours under Regulation (at least 80% specified number of hours): 10%
- ✓ Discussion and exercises: Lecturer requests.
- ✓ Practices, presentations: 30%.
- ✓ Final exam: 60%.

Hanoi, 2016

HEAD OF DEPARTMENT

PRESIDENT

(signed)

(signed)

PhD. Hoang Duc Manh

Prof. Dr. Tran Tho Dat