



Exchange programme Vrije Universiteit

Vrije Universiteit Amsterdam - Exchange programme Vrije Universiteit - 2020-2021

Corporate Finance

Course Code	E_EBE2_CF
Credits	6
Period	P5
Course Level	300
Language Of Tuition	English
Faculty	School of Business and Economics
Course Coordinator	dr. J.A.F. Schnitzler
Examiner	dr. J.A.F. Schnitzler
Teaching Staff	
Teaching method(s)	Seminar, Instruction course, Lecture

Course Objective

Corporate Finance studies firms as economic decision makers. The goal of this course is to develop a framework that provides guidance for investment and financing decisions. This requires not only a fundamental understanding of most common corporate finance theories (Bridging Theory and Practice - Knowledge), but also a selection of sensible applications for them (Academic skills and Research Skills).

Our main decision criterion is based on value creation, which we will learn to quantify in a flexible valuation model. Practical applications for the knowledge are widespread and not only of interest to managers, but part of a toolkit required by everyone who is dealing with financial markets (Bridging Theory and Practice - Application).

At the end of the course you are able to:

- contrast financing incentives provided by equity and debt financing;
- distinguish between implications derived from various capital structure theories and put them into perspective;
- extend theories to other decisions, like payout policy/risk management;
- construct and critically assess valuation models;
- understand how markets for corporate securities work;
- explain the most common corporate governance mechanisms.

Course Content

This course offers an introduction for students with interests in financial markets or the intent to pursue a career in finance. We attempt to provide a sound mix between formal/quantitative analysis and qualitative discussion. From a modeling perspective, we extend methods learned in Finance I and II and put them into a corporate setting. When talking about value-driving factors, we see links to Economics and Management of Organizations and Marketing. Overall, the content learned

in this course enables students to understand corporate decisions/valuations by reducing complex problems to its key components.

Teaching Methods

Lectures and tutorials.

Method of Assessment

Case studies/Assignments (group assessment)
Written Exam (individual assessment)

Literature

J. Berk and P. DeMarzo, Corporate Finance, Pearson, latest Global Edition

Additional Information

Completing this course (or alternatively a corporate finance course in the other BSc tracks) is a prerequisite for the MSc Finance and a recommended course for the MSc Business Administration - specialization Financial Management.

Recommended background knowledge

Finance I and II.
Basic Stata skills (including use of do-files)