

# Fundamentals of Corporate Finance 2019

## Course Road Map (may be subject to updates)

Topic	Skills	Assignments	Supplementary (optional) readings – on My Course page
<b>1. Financial Statements: intro</b>	Know main financial statements, their content and interrelations	Lecture examples	<ul style="list-style-type: none"> <li>- Berk, DeMarzo Ch 1</li> <li>- A Primer on Financial Statements by A. Damodaran</li> </ul>
<b>2. Time Value of Money</b>	Use discounting and compounding to compute present and future value of cash flows	Lecture examples	A Primer on the Time Value of Money by A. Damodaran
<b>3. Working capital</b>	<ul style="list-style-type: none"> <li>- Understand that companies need WC for their daily operations</li> <li>- Know how to assess the efficiency of the WC management and understand its implication for the company's value</li> </ul>	<ul style="list-style-type: none"> <li>- Analysis of WC of a company using its financial statements</li> <li>- Industry and company comparative analysis (group work assignment)</li> </ul>	Berk, DeMarzo Ch 26
<b>4. Financial Statement Analysis</b>	Able to assess the main aspects of firm's activity: <ul style="list-style-type: none"> <li>- operating performance</li> <li>- investment policy</li> <li>- economic and financial profitability</li> <li>- short-term and long-term liquidity and solvency</li> </ul>	Ongoing company case	Berk, DeMarzo Ch 2
<b>5. Valuation</b>	<ul style="list-style-type: none"> <li>- Know how to value a firm using valuation multiples</li> <li>- Know how to use major valuation techniques, e.g., Discounted Cash Flows (DCF) analysis</li> <li>- Understand the IPO process and valuation in this context</li> </ul>	<ul style="list-style-type: none"> <li>- Valuation of a company</li> <li>- Valuation in IPO context</li> <li>- Valuation exercises</li> </ul>	<ul style="list-style-type: none"> <li>- Berk, DeMarzo Ch 9</li> <li>- "Business Valuation and the Cost of Capital" by T. Luehrman</li> </ul>
<b>6. Payout Policy</b>	<ul style="list-style-type: none"> <li>- Dividends vs share repurchases vs no payout</li> <li>- Reason of the payout choice: extra cash, tax purposes, clientele effect, signal to the market</li> </ul>	Payout policy: case	Berk, DeMarzo Ch 17