



COURSE DESCRIPTION

1. Information about the programme

1.1 Institution of higher education	Alexandru Ioan Cuza University of Iasi
1.2 Faculty	Faculty of Economics and Business Administration
1.3 Department	Department of Finance, Money and Public Administration
1.4 Field of study	Finance
1.5 Level	Master
1.6 Study programme/ Qualification	Finance and Risk Management

2. Information about the course

2.1 Course name	Theory of Corporate Finance						
2.2 Course coordinator	Prof. dr. Mihaela ONOFREI						
2.3 Seminar coordinator	Assoc. Prof. Iulian IHNATOV						
2.4 Year of study	2	2.5 Semester	3	2.6 Type of assessment	E	2.7 Course status	E

* C – Compulsory / E – Elective

3. Total estimated time (hours allotted to teaching activities per semester)

3.1 Number of hours per week	3	of which: 3.2 lecture	2	3.3 seminar/lab	1
3.4 Number of hours in the curriculum	42	of which: 3.5 lecture	28	3.6 seminar/lab	14
Time distribution					hrs
Study of the textbook, coursebook, bibliography and lecture notes					25
Additional research in the library, online and on the field					20
Preparation of seminars/labs, homework, projects, portfolios and essays					30
Tutorials					6
Assessment					2
Other activities.....					
3.7 Total number of self-study hours					83
3.8 Total number of hours per semester					125
3.9 Number of credits					5

4. Prerequisites (if applicable)

4.1 Curriculum-based	Financial Decisions and Corporate Strategy (recommended)
4.2 Competence-based	-

5. Conditions (if applicable)

5.1 For lectures	General conduct and behavior Students are expected to conduct themselves with consideration and respect for the needs of their fellow students and teaching staff. Conduct that unduly disrupts or interferes with a class, such as ringing or talking on mobile phones, is not acceptable and students may be asked to leave the class.
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	Attendance Regular and punctual student attendance at lectures and seminars is expected in this course.
5.2 For seminars / labs	General conduct and behavior Students are expected to conduct themselves with consideration and respect for the needs of their fellow students and teaching staff. Conduct that unduly disrupts or interferes with a class, such as ringing or talking on mobile phones, is not acceptable and students may be asked to leave the class. Attendance Attendance is compulsory at minimum 80% of the seminars. In case of absence, the instructor should be informed in advance.

6. Specific competencies

Professional competencies	C1. Analysis of the theoretical and practical aspects of financial markets, models, instruments that are used in the management of risks. C2. Adequate use of mathematical and statistical concepts, methods and techniques in assessing risks and performing independent research in finance. C3. Evaluation of the main risk factors for organizations and financial systems. C4. Implementing effective financial management and reporting within the business environment to ensure value creation. C5. Ensuring effective and appropriate governance and management of risk within an organization, in the context of an overall ethical framework.
Transversal competencies	CT1. Application of the professional ethical norms and values in decision-making and undertaking of complex professional tasks, independently or within a team. CT2. Human resources planning within a group or organization, in the context of awareness of own responsibility for professional outcomes. CT3. Assuming the need for continuous development to create prerequisites for career progression and adapt own professional and managerial competencies to the economic dynamics.

7. Course objectives (provided by the specific competencies grid)

7.1. Main objective	The course focuses on the principal-agent theory. Theoretical models are discussed and analyzed in depth and students are required to master the derivations in these models, develop intuition for the various results and solve case studies.
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7.2. Specific objectives	<p>On completion of the course, the students will be able to:</p> <ul style="list-style-type: none">▪ Describe the main types of principal-agent problems.▪ Analyze the effect on financing constraints of asymmetric information due to separation of management and ownership of a company▪ Explain how incentives can be aligned between management and owner(s) using financial contracts.▪ Apply the main models to solve contracting problems.
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8. Content

8.1	Lectures	Teaching methods	Observations (hours & readings)
1.	An Economic Overview of Corporate Institutions	Lecturing and class participation	2hrs: T(1), M(3.1)
2.	Corporate Financing: Outside Financing Capacity	Lecturing and class participation	2hrs: T(3)
3.	Corporate Financing: Borrowing Capacity	Lecturing and class participation	2hrs: T(4)
4.	Liquidity and Risk Management, Free Cash Flow, and Long-Term Finance	Lecturing and class participation	2hrs: T(5)
5.	Corporate Financing under Asymmetric Information	Lecturing and class participation	2hrs: T(6), M(3.2)
6.	Product Markets and Earnings Manipulations	Lecturing and class participation	2hrs: T(7)
7.	Monitoring in Corporate Finance	Lecturing and class participation	2hrs: T(8,9)
8.	Control Rights and Corporate Governance	Lecturing and class participation	2hrs: T(10)
9.	Corporate Takeovers	Lecturing and class participation	2hrs: T(11), M(8)
10.	Consumer Liquidity Demand	Lecturing and class participation	2hrs: T(12)
11.	Credit Rationing and Economic Activity	Lecturing and class participation	2hrs: T(13)
12.	Mergers and Acquisitions, and the Equilibrium Determination of Asset Values	Lecturing and class participation	2hrs: T(14)
13.	Aggregate Liquidity Shortages and Liquidity Asset Pricing	Lecturing and class participation	2hrs: T(15)
14.	Institutions, Public Policy, and the Political Economy of Finance	Lecturing and class participation	2hrs: T(16)



**Bibliography****Main readings:**

- Tirole, J. 2006. The Theory of Corporate Finance, Princeton University Press (T)
- Matos, J. A. 2001. Theoretical Foundations of Corporate Finance, Princeton University Press (M)

Additional readings:

- Jensen, M.C., Smith Jr., C.H. (eds.) 1984. The Modern Theory of Corporate Finance. McGraw-Hill (JS).

Other readings such as cases, simulations, journal papers, press articles will be provided periodically throughout the course via FEAA eLearning platform, e-mail or handed-in in class.

8.2	Seminars / Labs	Teaching methods	Observations (hours & readings)
1.	Corporate Financing	Case Study Reports, Presentations by student panels	2hrs: T(3,4) Readings provided on Blackboard
2.	Liquidity and Risk Management	Case Study Reports, Presentations by student panels	2hrs: T(5) Readings provided on Blackboard
3.	Product Markets and Earnings Manipulations	Case Study Reports, Presentations by student panels	2hrs: T(7) Readings provided on Blackboard
4.	Monitoring in Corporate Finance	Case Study Reports, Presentations by student panels	2hrs: T(8,9) Readings provided on Blackboard
5.	Control Rights and Governance	Case Study Reports, Presentations by student panels	2hrs: T(10) Readings provided on Blackboard
6.	Mergers and Acquisitions	Case Study Reports, Presentations by student panels	2hrs: T(11,14), M(8) Readings provided on Blackboard
7.	Political Economy of Finance	Case Study Reports, Presentations by student panels	2hrs: T(16) Readings provided on Blackboard

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Additional readings:

- Jensen, M.C., Smith Jr., C.H. (eds.) 1984. The Modern Theory of Corporate Finance. McGraw-Hill (JS).

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**9. Corroboration of the course content with the expectations of community representatives, professional associations and representative employers from the programme's related field**

This course provides students with the core knowledge, skills, and abilities that are generally accepted and applied by finance and investments professionals throughout the world. Topics are selected in accordance to the requirements of Chartered Financial Analyst (CFA) and Professional Risk Manager (PRM) world-leading certifications for finance and risk management, to offer the adequate preparation for CFA and PRM exams. The course content is correlated to that of similar courses taught at renowned universities and is continuously updated based on the feedback of students and alumni. Moreover, this is a student-centered course that follows the best practices of learning and teaching in graduate education through the adoption of a variety of active-learning instructional methods.

10. Assessment

Type of activity	10.1 Assessment criteria	10.2 Assessment methods	10.3 Weight in final grade (%)
10.4 Lectures	<ul style="list-style-type: none">Depth of description of relevant theoretical and practical aspects of corporate financeAccuracy of identification and solving of a corporate finance problem	<ul style="list-style-type: none">Written exam	50%
10.5 Seminars/ Labs	<ul style="list-style-type: none">Depth of description of relevant theoretical and practical aspects of corporate financeAccuracy of identification and solving of a corporate finance problemQuality of work in a team of students	<ul style="list-style-type: none">Student panel report presentationDiscussion on case studies from the handout materialDiscussions on textbook questions	50%
10.6 Minimum performance standard			
<ul style="list-style-type: none">Demonstration of the capability to identify, analyze and interpret in considerable depth relevant theories and practical information on corporate institutions, the process of financing, corporate monitoring, liquidity and risk management, mergers and acquisitions and political economy of finance, taking the responsibility for tasks specific to the role in a team.Correct answers provided to at least half of questions in the final written examination.A minimum passing grade of 5, computed as $F = 0.5 \cdot G + 0.5 \cdot E$, where F – final grade, G – group coursework grades, E – final exam grade.			

Date
14.09.2020

Course Coordinator
Prof. dr. Mihaela ONOFREI

Seminar Coordinator
Assoc. prof. Iulian IHNATOV

Date of approval
23.09.2020

Head of Department
Prof. dr. Ovidiu STOICA

