



The Leon Recanati Graduate School of Business Administration

1231.3340.02 – Financial Management

(Prerequisites: Foundations of Finance, Financial Reporting and Control in Organizations)

Second Semester – 2018/19

Section	Day	Hour	Exam date	Lecturer	Email	Telephone
02	Monday	15:45-18:30	As posted on the list of exams	Prof. Nittai Bergman	nbergman@tauex.tau.ac.il	

Teaching Assistant (TA): By appointment

Course Units

1 course unit = 4 ECTS units

The ECTS (European Credit Transfer and Accumulation System) is a framework defined by the European Commission to allow for unified recognition of student academic achievements from different countries.

Course Description

This course takes as its viewpoint the CFO of a firm. We assume in this course that the CFO's job is to maximize firm value and deal with three types of decisions: which projects to invest in, how to finance that investment, and how to manage the cash flows of the firm. This is an applied course that will primarily use case studies to introduce financial tools needed to make value-enhancing business decisions. The course will: (1) analyze the factors that determine a company's need for external financing, (2) the considerations influencing the optimal mix of debt and equity financing, and (3) develop tools needed for valuing investment projects.

Course Objectives

Students will obtain tools to conduct valuation analysis in its various aspects (DCF, WACC, APV, multiples), as well as an understanding of issues pertaining to capital structure. The course will also consider topics such as debt restructuring, bankruptcy, and (time permitting) real option analysis

Evaluation of Student and Composition of Grade

Percentage	Assignment	Date	Group Size/Comments
100%	Final Exam	As posted on the list of exams	

* According to University regulations, participation in all classes of a course is mandatory (Article 5).

* Students who absent themselves from classes or do not actively participate in class may be removed from the course at the discretion of the lecturer. (Students remain financially liable for the course even if they are removed.)

Course Assignments

Students are required to hand in solutions to case study questions (in teams of up to four).

In addition, there will be a final exam.

Grading Policy

In the 2008/9 academic year the Faculty instituted a grading policy for all graduate level courses that aims to maintain a certain level of the final course grade. Accordingly, this policy will be applied to this course's final grades.

Additional information regarding this policy can be found on the Faculty website.

<https://coller.tau.ac.il/MBA-students/programs/2018-19/MBA/regulations/exams>

Evaluation of the Course by Student

Following completion of the course students will participate in a teaching survey to evaluate the instructor and the course, to provide feedback for the benefit of the students, the teachers and the university.

Course Site (Moodle)

The course site will be the primary tool to communicate messages and material to students. You should check the course site regularly for information on classes, assignments and exams, at the end of the course as well.

Course material will be available on the course site.

Please note that topics that are not covered in the course material but are discussed in class are considered integral to the course and may be tested in examinations.

Course Outline*

Week	Topic(s)	Required Reading	Comments
1	Capital Structure 1	Brealey Myers Allen, Ch. 17: "Does Debt Policy Matter?"	
2	Capital Structure 2	Brealey Myers Allen, Ch. 18: "How Much Should a Firm Borrow?"	
3	Case Study: Massey Ferguson		
4	Capital Structure 3: Informational and Dynamic Considerations Case Study: MCII	Brealey Myers Allen, Ch. 15: "How Corporations Issue Securities"	
5	Valuation 1	Brealey Myers Allen, ch. 9: "Capital Budgeting and Risk"	
6	Valuation 2 Case Study: Ameritrade	Brealey Myers Allen, Ch. 19: "Financing and Valuation" Brealey Myers Allen, Ch. 12.4: "Pros and Cons of EVA"	
7	Case Study: Dixon		
8	Diamond Chemicals A and B		
9	Valuing a Company Case Study: Cooper	Brealey Myers Allen, Ch. 32: "Mergers"	
10	Corporate Governance Case: Petrolera Zuata (Project Finance)	Brealey Myers Allen, Ch. 32: "Mergers"	
11	Lecture: Advanced Valuation		
12	Case Study: Airbus Case Study: BWIP		
13	Case Study: BWIP, continued		
14	Real Options	Brealey Myers Allen, Ch. 22, "Real Options".	

*Subject to change

Required Reading

R. Brealey, S.C. Myers, and F. Allen, *Principles of Corporate Finance*

Recommended Reading

Jonathan Berk and Peter DeMarzo, *Corporate Finance*, Pearson Series in Finance