



Corporate Finance (CFIN) 601

Corporate Finance (Revision 1)

Status:

Replaced with new revision, see the [course listing](#) for the current revision

Delivery mode:

Cohort-based, Paced and Online

Credits:

3

Area of study:

Business

Prerequisites:

Students must have successfully completed Phase 1 of the MBA program and their Phase 1 Comprehensive Exam (**CPEX-506**) before taking this course.

Precluded:

None

Faculty:

[Faculty of Business](#)

Notes:

Prior knowledge of Managerial Economics and Quantitative Analysis (MEQA) and Financial and Managerial Accounting (FMAC) is useful in this course.
Students with their CGA, CMA, CPA or CA designations may receive transfer credit

for this course.

**Academic Area
Manager:**

Saktinil Roy, PhD [↗](#)

Overview

In general, finance can be defined as the area which deals with the markets, institutions, and instruments for transferring money among economic agents – consumers, producers (business units), and the government. Therefore, each and every individual or organization is affected by the decisions made in the financial sector. Finance is intrinsically tied with economics. The broader economic environment, both at the national and international levels, shapes the financial planning and decisions made by individuals and business units. When the economy goes into a recession, people curtail their expenditures and the businesses write off many previously planned investment projects. Quite the opposite is expected when the economy experiences a boom.

Corporate finance, in particular, is about management of cash inflows and outflows of a business firm. And, with increased globalized activities, such cash flows are not only in terms of domestic currency but also in terms of foreign currencies. The main objectives of corporate finance are maximization of corporate value and management of corporate financial risks. It deals with both short-term and long-term financial decisions made by business firms as well as with the analytical frameworks and techniques involved in such decisions.

This course is definitely useful for those who are planning a career in financial management. Most of the topics discussed are also expected to enhance understanding of the business environment for people pursuing other careers as well. Finance is, and will remain to be, an inseparable function of any business; perhaps more importantly, most business decisions of a firm are evaluated by looking at its financial conditions and outcomes. An understanding of firm's financial management is crucial for all business managers.

Objectives

- Explain the unique characteristics and the related issues of corporations and how their ownership changes hands through stock market transactions
- Analyze the primary financial statements of a corporation and demonstrate their importance for stakeholders
- Decision making to maximize the value of the corporation with cost-benefit analysis, based on the law of one price and the concept of time value of money
- Understand interest rates and explain the impacts of inflation, government policy, risk and taxes on interest rates
- Explain the valuation of bonds and stocks
- Describe the net present value, internal rate of return, and payback rules for investment decisions
- Develop an understanding of the fundamentals of capital budgeting
- Explain the relationship between risk and return in the context of investments
- Making the choice of a portfolio of assets
- Describe the capital asset pricing model and its use in calculating the expected return for a risky security and the cost of capital
- Understand capital market efficiency/inefficiency in the context of investment behaviour
- Determine the optimum capital structure of a corporation with and without taxes

Evaluation

Students will complete reflective problems, group discussions, group projects, and a comprehensive individual assignment.

Important links

- › [Graduate Diploma in Management \(GDM\)](#) 
- › [Contact an Advisor](#) 
- › [Master of Business Administration](#) 
- › [Accelerated MBA for Executives](#) 
- › [MBA for Accountants](#) 
- › [MBA for Health Leaders](#) 
- › [MBA for Supply Chain Management](#) 

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