



UNIVERSITAS INDONESIA
 FAKULTAS EKONOMI & BISNIS
 DEPARTEMEN AKUNTANSI
 PROGRAM STUDI AKUNTANSI S-1

SYLLABUS
ADVANCED CORPORATE FINANCE
ECAU 609118
EVEN SEMESTER 2018/2019

No.	Lecturers	E-mail
1	Edgar Ekaputra Sujanto SE MM	edgarekaputrasujanto@gmail.com
2	Setio Anggoro Dewo PhD	dewosa@gmail.com

Subject Code	ECAM 808301
Subject Title	<i>Advanced Corporate Finance</i>
Credit Value	3
Pre-requisite/ Co-requisite/ Exclusion	Financial Management
Role and Purposes	The aim of these course is that the students have the competence to implement a business valuation, to asses merger and acquisition process as an alternative growth strategy, to evaluate the financial strategy in the restructuring and reorganization process , to evaluate the management of treasury and working capital, to evaluate the use of derivative products, to evaluate risk management practices, to evaluate the funding strategy, and to evaluate the company's strategy of international finance.

Subject Learning Outcomes	<p>Upon Completion of the subject :</p> <p>1.1. ETHICS AND SOCIAL RESPONSIBILITY : Students demonstrate an understanding of the ethical and social responsibility and their impact on decision making process</p> <p>a. Students are able to explain, analyze, and apply Ethical Principle (TLA 1.1.1)</p> <p>b. Students are able to explain and analyze commitments to public interest (TLA 1.1.2)</p> <p>2.1. GLOBAL AWARENESS : Students demonstrate an understanding in global perspectives in accounting and their impact on decision making process</p> <p>a. Students are able to demonstrate an understanding of contemporary global issues in accounting (TLA 2.1.1)</p> <p>b. Students are able to recommend alternative solutions to global issues in accounting (TLA 2.1.2)</p>
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	<p>3.1 ORAL COMMUNICATION : Students are able to communicate clearly and concisely in presentation and discussion</p> <ul style="list-style-type: none"> a. Students are able to clearly deliver content with logical structure (TLA 3.1.1) b. Students are able to use body language, eye contact, and voice tone at appropriate pace (TLA 3.1.2) c. Students are able to use visual aids or technology (TLA 3.13) <p>4.1. WRITTEN COMMUNICATION : Students are able to communicate clearly and concisely in writing business/academic report</p> <ul style="list-style-type: none"> a. Students are able to express ideas logically and deliver content accurately (TLA 4.1.1) b. Students are able to use clear and precise language (TLA 4.1.2) c. Students are able to compose a formal business/academic writing (TLA 4.1.3) <p>5.1. CRITICAL THINKING : Students are able to provide recommendations to solve accounting problem</p> <ul style="list-style-type: none"> a. Students are able to identify problems (TLA 5.1.1) b. Students are able to analyze problems (TLA 5.1.2) c. Students are able to justify an argument or solution with supporting evidence/ relevant references (TLA 5.1.3) d. Students are able to recommend alternative solutions to accounting problems in organization (TLA 5.1.4) <p>6.3 KNOWLEDGE IN APPLIED ACCOUNTING : Students are able to analyze Finance and Financial Management issues and its impact on decision making process from multiple perspectives</p> <ul style="list-style-type: none"> a. Able to apply basic prospective analysis for business valuation (T2) b. Able to apply business simulation and financial planning models to support strategic business decision (T3)
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Subject Synopsis/ Indicative Syllabus	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">Perte muan</th> <th style="width: 50%;">Topik bahasan</th> <th style="width: 15%;">LO</th> <th style="width: 25%;">Referensi</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td>Introduction to Corporate Finance Time Value of Money</td> <td style="text-align: center;">6.3.a</td> <td style="text-align: center;">RWJ Ch. 1 & 4</td> </tr> <tr> <td style="text-align: center;">2</td> <td>NPV and Other Investment Rules Capital Investment Decisions</td> <td style="text-align: center;">6.3.a 6.3.a</td> <td style="text-align: center;">RWJ Ch. 5 & 6</td> </tr> <tr> <td style="text-align: center;">3</td> <td>Capital Structure: Basic Concept</td> <td style="text-align: center;">6.3.a & b</td> <td style="text-align: center;">RWJ Ch. 16</td> </tr> <tr> <td style="text-align: center;">4</td> <td>Capital Structure: Limits to the Use of Debt Valuation and Capital Budgeting for the Levered Firm Case: The Wm. Wringley Jr. Company: capital structure, valuation, and cost of capital (BES, Case 34)</td> <td style="text-align: center;">6.3.a 6.3.b</td> <td style="text-align: center;">RWJ Ch. 17 & 18</td> </tr> </tbody> </table>				Perte muan	Topik bahasan	LO	Referensi	1	Introduction to Corporate Finance Time Value of Money	6.3.a	RWJ Ch. 1 & 4	2	NPV and Other Investment Rules Capital Investment Decisions	6.3.a 6.3.a	RWJ Ch. 5 & 6	3	Capital Structure: Basic Concept	6.3.a & b	RWJ Ch. 16	4	Capital Structure: Limits to the Use of Debt Valuation and Capital Budgeting for the Levered Firm Case: The Wm. Wringley Jr. Company: capital structure, valuation, and cost of capital (BES, Case 34)	6.3.a 6.3.b	RWJ Ch. 17 & 18
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	5	<p>Treasury management and working capital.</p> <ol style="list-style-type: none"> 1. Navigate cash and net working capital. 2. The operating cycle and cash cycle. 3. Some aspects of short-term financial policy. 4. Short-term financial plan. 5. Investment idle cash. 6. Determination of the target cash balance. 7. Management of accounts payable and accounts receivable. 8. Inventory management 	5.1 6.3.b	RWJ Ch. 26, 27, & 28	
	6	<p>Management of the company's value.</p> <ol style="list-style-type: none"> 1. Creation and decrease the value of the company. 2. The company's goal to maximize shareholder value. 3. Three steps to enhance shareholder value. 4. Management of profit based. 5. How can businesses create value. <p>Strategy and corporate value.</p> <ol style="list-style-type: none"> 1. Introduction-application of the principle of value. 2. The purpose of the company. 3. Management strategic business unit. 4. Corporate strategy. 5. Target and motivation. <p>Case: The Timken Company (BES, Case 46)</p>	5.1 6.3.b	DA Ch.10,11 & 12	
	7	<p>Calculation of value creation</p> <ol style="list-style-type: none"> 1. Measurement of the value of the cash flows. 2. Analysis of shareholder value. 3. Economic Profit. 4. Economic value added (EVA®) 5. The returns on cash flows on investment / cash flow return on investment (CFROI) <p>Measurement of the overall company performance.</p> <ol style="list-style-type: none"> 1. Total shareholder return (TSR). 2. Wealth added index (WAI). 3. Market value added (MVA). 	5.1 6.3.b	Palepu Ch. 7 & 8 DA Ch.13,14 & 15	

	4. Excess return (ER). 5. Market-to-book ratio (MBR).			
MID TERM EXAM				
8	<p>Merger, Acquisition and Divestment</p> <ol style="list-style-type: none"> 1. The basic form of the acquisition. 2. Synergy. 3. Sources of synergy. 4. Side effects to finance the acquisition. 5. Cost of shareholders for the reduced risk. 6. NPV of a merger. 7. Acquisition of companies (friendly versus hostile takeovers). 8. The defensive tactics. 9. Is the merger adds value? 10. The tax impact of the acquisition. 11. Accounting for acquisitions. 12. Going private and leveraged buyouts. 13. Divestment. 	5.1 6.3.b	RWJ Ch. 29	
9	<p>Financial Difficulties</p> <ol style="list-style-type: none"> 1. What is financial distress? 2. What happens when companies run into financial distress? 3. Bankruptcy, liquidation and reorganization. 4. Which is better: Private workout or bankruptcy? 5. Prepackaged bankruptcy. 6. Prediction bankruptcy of the company: Model Z-Score. <p>Case: Flinder Valves and Control Inc. (BES, Case 43)</p>	5.1 6.3.b 2.1, 3.1, 4.1, 5.1.	RWJ Ch. 30	
10	<p>Options and financial management.</p> <ol style="list-style-type: none"> 1. Option. 2. Call options. 3. Put options. 4. Combination of options. 5. Assessment of the options. 6. The option price formula. 7. Shares and debt as an option. 8. Applications option on the company's decision. 9. Options and investment projects. 	5.1 6.3.b	RWJ Ch. 22-23	

		<p>10. Executive stock options.</p> <p>11. Assessing a new company.</p> <p>12. Further analysis binomial models.</p> <p>13. The decision to suspend and resume.</p>			
	11	<p>Warrants and convertibles.</p> <p>1. Warrants.</p> <p>2. The difference between warrants and call options.</p> <p>3. Assessment warrants and Black-Scholes models.</p> <p>4. Convertible bonds.</p> <p>5. The value of convertible bonds.</p> <p>6. The reason for issuing warrants and convertibles.</p> <p>7. Why do companies issue warrants and convertibles?</p> <p>8. Conversion policy</p>	<p>5.1</p> <p>6.3.b</p>	RWJ Ch. 24	
	12	<p>Derivatives and hedging risks.</p> <p>1. Derivatives, hedging and risk.</p> <p>2. Forward contracts.</p> <p>3. Future contracts.</p> <p>4. Hedging.</p> <p>5. Interest rate futures contracts.</p> <p>6. Hedging duration.</p> <p>7. Swap contracts.</p> <p>8. The use of derivatives.</p>	<p>5.1</p> <p>6.3.b</p>	RWJ Ch. 25	
	13	<p>Theory and foreign exchange markets.</p> <p>1. Geographical Expansion foreign exchange market.</p> <p>2. Functions of the foreign exchange market.</p> <p>3. Market participants.</p> <p>4. The interbank foreign exchange market transactions.</p> <p>5. The value of foreign exchange rates and the offer price.</p> <p>International parity conditions.</p> <p>1. The price and the exchange rate.</p> <p>2. Interest rates and exchange rates.</p> <p>3. Forward rate as an unbiased predictor of future spot rate.</p> <p>4. Prices, interest rates, and equilibrium exchange rate</p>	<p>2.1</p> <p>5.1</p> <p>6.3.b</p>	<p>ESM Ch. 6 & 7</p> <p>ESM Ch.10 & 11</p>	

		<p>Determination and exchange rate forecasting</p> <ol style="list-style-type: none"> 1. Determination of the exchange rate: Theoretical thread. 2. The asset market approach to exchange rate forecasting. 3. Imbalance: the exchange rate in developing countries. <p>Transaction exposure</p> <ol style="list-style-type: none"> 1. Types of foreign exchange exposure. 2. Why is hedging? 3. Measurement of transaction exposure. 4. Transaction exposure and management of trade payables. 5. The practice of risk management 			
	14	<p>Operating Exposure</p> <ol style="list-style-type: none"> 1. Characteristics of operating exposure. 2. Strategic management of operating exposure. 3. The proactive management of operating exposure. 4. The contractual approach: a hedge against the transaction can not be protected. <p>Translation exposure</p> <ol style="list-style-type: none"> 1. Introduction translation exposure. 2. The method of translation. 3. Comparison of translation exposure and operating exposure. 4. Management of translation exposure. <p>Case: Carrefour S.A (BES, Case 38)</p>	<p>2.1 5.1 6.3.b</p> <p>2.1, 3.1, 4.1, 5.1.</p>	ESM Ch.12	
FINAL EXAM					
Teaching/Learning Methodology	<p>The learning method is based on active learning, the lecturer's role primarily as a facilitator. Lectures in class is in the form of lectures, class discussions that discuss a particular topic, discussion of cases related to the topic, and group presentations. At the first meeting learning method is in the form of lectures and class discussions, while for other meetings learning method is as follows: The first session (75 minutes) is a discussion class and the second session (75 minutes) is a discussion of the case or group presentations. Lecturers will facilitate the discussion / case discussions and group presentations.</p> <p>Reading material for the majority of cases are given by lecturers while the participants are expected to seek additional relevant reading materials. In order to work effectively, the discussion participants should have studied the reading material before lectures.</p>				

<p>Details of learning methods</p>	<p>The learning method is based on active learning, the lecturer's role primarily as a facilitator. Lectures in class is in the form of lectures, class discussions that discuss a particular topic, discussion of cases related to the topic, and group presentations. At the first meeting learning method is in the form of lectures and class discussions, while for other meetings learning method is as follows: The first session (75 minutes) is a discussion class and the second session (75 minutes) is a discussion of the case or group presentations. Lecturers will facilitate the discussion / case discussions and group presentations.</p> <p>Reading material for the majority of cases are given by lecturers while the participants are expected to seek additional relevant reading materials. In order to work effectively, the discussion participants should have studied the reading material before Lectures.</p> <p>Group task</p> <p>1. Adoption Papers Case Analysis. Each group was tasked with making papers that discuss and review the case - a case that will be discussed in class. Discussion related to the topics that will be discussed in class. The paper collected at a meeting to discuss the case.</p> <p>2. Presentation of the Group. At the meeting of 3, 4, 5, 10, 11 and 14, the group made a presentation on the results of the analysis of cases that have been created.</p>																
<p>Student Study Effort Expected</p>	<table border="1"> <tr> <td colspan="2">Class Contacts:</td> </tr> <tr> <td>Lectures</td> <td>32 Hours</td> </tr> <tr> <td>Collaborative learning</td> <td>2 Hours</td> </tr> <tr> <td>Presentation</td> <td>1 Hour</td> </tr> <tr> <td colspan="2">Other student study effort:</td> </tr> <tr> <td>Preparation project/assignment/tests</td> <td>20 Hours</td> </tr> <tr> <td>Tutorials</td> <td>20 Hours</td> </tr> <tr> <td>Total</td> <td>75 Hours</td> </tr> </table>	Class Contacts:		Lectures	32 Hours	Collaborative learning	2 Hours	Presentation	1 Hour	Other student study effort:		Preparation project/assignment/tests	20 Hours	Tutorials	20 Hours	Total	75 Hours
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<p>Reading List and References</p>	<p>Reference</p> <ol style="list-style-type: none"> 1. Ross, Westerfield, Jaffe, Lim, Tan and Wong. Corporate Finance, Asia Global Edition, McGraw-Hill Irwin, 2015 (RWJ) 2. Damodaran,Aswath (2002). Investment Valuation 2nd edition. Wiley Finance. (DA) 3. Palepu, Krishna G., Paul M. Healy. Business Analysis & Valuation, 4th.ed., Mason, OH: Thomson, 2008. (Palepu) 4. Eiteman, D. K., A. I. Stonehill, M. H. Moffett (2016). Multinational Business Finance 14th edition. Pearson. (ESM) 5. Bruner, R. F, K.M. Eades, M.J Schill (2010). Case Studies in Finance: Managing for Corporate Value Creation. McGraw-Hill, 6th edition. (BES) 																