



Sofaer Global MBA

1238.2410.01 – Corporate & Entrepreneurial Finance

Prerequisites: None

Modules 2 & 3 – 2020/21

Course Section Details

Section	Day	Hour	Classroom	Lecturer	Email
Class	Tuesday	9:00-11:45	Zoom	Tal Mofkadi	mofkadi@mail.tau.ac.il
Tutorial: Module 2	Tuesday	18:45-20:00	Zoom	Udi Lewkowicz	ulewkowicz@gmail.com
Tutorial: Module 3	Tuesday	17:15-18:30	Zoom		

Office Hours: By appointment

Course Units

Course Units: 2

4 ECTS (European Credit Transfer and Accumulation System) = 1 course unit

By making higher education comparable across Europe, ECTS makes teaching and learning in higher education more transparent and facilitates the recognition of all studies.

Course Description

This course covers the basics of finance. There are two major topics—capital budgeting and the capital asset pricing model. We anticipate that the course will be demanding and rigorous, fatiguing and inspirational. Money is fun and important!

Course Objectives

Upon completion of the course, the student will be able to:

1. Understand the notion of time value of money.
2. Understand loans and bonds.
3. Understand how to take financial decisions such as how to evaluate a project.
4. Quantify and identify risk.
5. Understand risk diversification.
6. Calculate the cost of capital.

Assessment and Grade Distribution

Percentage	Assignment	Date	Group Size/Comments
15%	Weekly homework		Up to two students
35%	Midterm	Feb 3 rd , 2021	Individual
50%	Final exam	May 6 th , 2021	Individual

*According to University regulations, **a student must be present in every lesson** (Article 5).

* The lecturer reserves the right to have a student removed from a course if the student is absented from a class with mandatory participation or did not actively participate in class. (The student will remain financially responsible for the course irrespective of his/her removal from the course)

You must pass the exam (i.e. get a grade higher than 60) in order to pass the course.

Course Assignments

You should participate in all the classes, do all the homework, and of course take the midterm and the final exam. I will occasionally give a pop quiz at the beginning of class—if you miss the class you will get no credit for the quiz (no makeup quizzes).

- You must be vaguely familiar with the reading materials before the class in which they are discussed. We reserve the right to reinforce this with pop quizzes.
- All work will be done with Excel.
- Exams are open material and will be done on your own laptop.
- Cheating in any form will not be tolerated. If there is a suspicion we will choose between reporting you to the Tel Aviv University disciplinary committee or determining with the cheater how much of the course he/she will fail.
- Homework may be done in pairs (no more!) and must be on Moodle before the relevant class.

Should a student become unable to complete an assignment or course requirement, s/he must notify the TA of the course in advance via email
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Grading Policy

As of the 2008/9 academic year the Faculty has implemented a grading policy for all graduate level courses.

This policy applies to all graduate courses in the Faculty, and will be reflected in the final course grade.

Accordingly, the final average of the class for this course (which is a core course) will fall between 78-82.

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

Please note: To register for advanced elective courses in Finance, your grade in this course must be at least 78.

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 for the benefit of the students and the university.

Course Site (Moodle)

The course site will be the primary tool used to communicate messages and material to students. It is, therefore recommended to periodically check the course site in general, periodically, before each lesson, at end of the course as well. (For example: exam details and updates regarding assignments)

Course slides will be available on the course site.

Please note that topics which are not covered in the slides, but are discussed in class are considered an integral part of the course material and may be tested in examinations.

Implication for Business Ethics

Issues in business and managers ethics will be discussed continuously throughout our meeting. Ethical issues will cover managers responsibility to shareholders / debt holders / firm. We will also discuss conflicting incentives for consultants (mortgage, business plan, etc.).

We will focus on the source of conflict (incentives, principal-agent problem, lack of sufficient knowledge, bounded rationality, etc.) and how to mitigate it.

Required Reading

- Textbook: Principles of Finance with Excel, 3rd edition by Simon Benninga and Tal Mofkadi (PFE).
- Some additional materials that will be posted online

Recommended Reading

- “Corporate Finance”, Brealy & Myers, McGraw-Hill
- Jonathan Berk and Peter DeMarzo, “Corporate Finance”, Prentice Hall.

Course Outline*

Class	Topic(s)	Required Reading
Class #1 Dec. 15	Prep course and finance review	Data tables Basic financial functions Review of prep. course
Class #2 Dec. 22	Introduction to capital budgeting	PFE 3: IRR and NPV
Class #3 Dec. 29	Evaluating loans	PFE 4: Loans
Class #4 Jan. 5	What does it cost? The concept of effective annual interest rate (EAIR)	PFE 5: What does it cost?
Class #5 Jan. 12	inflation	PFE 6
Class #6 Jan. 19	Capital budgeting	PFE 7
Class #7 Jan. 26	Capital budgeting II	PFE 7
	Midterm exam in class	
Class #8 March 9	What is risk? Statistics for portfolios	PFE 8, 9
Class #9 March 16	Efficient frontier	PFE 10
Class #10 March 23	The capital market line (CML) and the security market line (SML)	PFE 11
Class #11 April 6	Measuring investment performance	PFE 12
Class #12 April 13	The SML and the cost of capital	PFE 13
Class #13 April 20	Capital structure – perfect markets	
Class #14 April 27	Capital structure with corporate taxes	
Week of May 2-7	Final exam	

*Subject to change