



**DEPARTAMENTO.....: CONTABILIDADE, FINANÇAS E CONTROLE (CFC)**  
**CURSO.....: CMA/CDA**  
**DISCIPLINA.....: Firm financing & Risk Management**  
**PROFESSOR.....: Hsia Hua Sheng**

**Semester: 1o./2019**  
**V. 20180928**

## PROGRAM

### Description

This course focuses on the theory and practice of financial decision making and risk management within organizations. Among the topics covered are (a) ownership and governance, (b) debt composition, (c) Financial Innovation, and (d) Risk management. Value based management for shareholder will be main concern of this course.

### Topics Covered

1. Short Term Financing
2. Equity Financing
3. Debt Financing
4. Ownership
5. Risk Management
6. Corporate Governance

### Methodology

“Hands-on” Lectures, exercises, and Paper presentation and Chapters discussion.

### Grading

Presentation	.....	30%
Mid Exam	.....	30%
Final Exam	.....	40%

### Reference

Berk e De Marzo, (BD) Corporate Finance: The Core, 3rd Edition. Prentice Hall, 2010

Tirole, Jean. The Theory of Corporate Finance. 2006. Princeton University Press.

### Contact

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## References

Lect.	Date	Topic	Paper Reading	Exercises
1	11/02/2019	<p>Overview of Course /</p> <p>Introduction to Financial Statement Analysis</p> <p>Introduction to Financial Decision-Making</p> <p>Short-Financing</p>	<p>Zingales, In search of New Foundations, Journal Finance 2000</p> <p>Mian, S. and C. Smith, 1992, "Accounts Receivable Management Policy: Theory and Evidence," Journal of Finance 47, 169-200.</p> <p>Love, I., L. Preve, and V. Sarria-Allende, 2007, "Trade Credit and Bank Credit: Evidence from Recent Financial Crises," Journal of Financial Economics 83, 453-469.</p>	<p>Problems BD ch2: 10; 13; 14; 20; 26; 32; 33</p> <p>Problems BD ch3: 1; 6; 9; 10; 15; 17, 18, e 19 3-A1;3-A2</p> <p>BD Chapter 26; 27 All problems</p>
2	18/02/2019	<p>Risk of Project Investment: Investment decision rules</p> <p>Fundamentals of Capital Budgeting</p> <p>Cost of Bond</p> <p>Cost of Equity</p>	<p>Keck; Levensgood; Longfield. Using Discounted Cash flow Analysis in the International setting, Journal Applied Corporate Finance, v11, i3, 1998</p>	<p>Problems BD ch6: 3; 4; 11; 13; 14; 22; 23; 28; 29; 30; 32</p> <p>Problems BD ch7: ALL;</p> <p>Problems BD ch8: ALL</p> <p>Problems BD Ch9: 1; 2;5;6; 9; 10; 13; 18; 20; 21; 25; 26; 27</p> <p>Problem BD ch 11: all</p>



		Estimating the Cost of Capital (WACC)		Problems BD ch12: 2; 4; 10; 14; 15;16;17 18; 19; 23; 25;
3	25/02/2019	<p>Capital Structure in Perfect Markets;</p> <p>Capital Structure with Debt and Taxes</p> <p>Capital Structure: Debt and Agency costs and Information Asymmetry</p>	<p>Myers, S. The Capital Structure Puzzle, Journal of Finance, V38, I3, 1984</p> <p>Jensen; Meckling (1976). Theory of the Firm: managerial behavior, agency cost and ownership structure,. Journal of Financial Economics, 3(4), 61-93</p>	<p>BD Ch 14 Problems: All</p> <p>BD Ch 15: Problems: All</p> <p>BD Ch 16: Problems: All</p>
4	11/03/2019	<p>Payout Policy</p> <p><b>Mid Term</b></p>	<p>A Dittmar, “Why do Firms repurchase stock? Journal of Business, 73, 2000: 331-355</p>	<p>BD Ch17: Problem: All</p>
5	18/03/2019	<p>Corporate Governance &amp; Corporate Financing: Some Stylized Facts</p>	<p>Houston, J. &amp; James, C (1996). Bank Information Monopilies and the Mix of Private and Public Debts Claims. Journal of Finance, 51, 1863-89</p> <p>Barclay, M., Smith, C., 1995. The priority structure of corporate liabilities. Journal of Finance 50, 899-918.</p>	<p>Tirole 1 &amp; 2</p>



6	25/03/2019	Corporate Financing and Agency Cost: Outside Financing Capacity	Fazzari, S. M.; Hubbard, R. G.; Petersen, B. C. Financing Constraints and Corporate Investment. Brookings Papers on Economic Activity, v. 1, 1988, p. 141-195. Almeida, H., M. Campello, and M. Weisbach, 2004. The cash flow sensitivity of cash. Journal of Finance 59, 1777-1804.	Tirole 3
7	01/04/2019	Risk Management	Froot, Kenneth A; Scharfstein, David S and Stein, Jeremy C. Risk Management: Coordinating Corporate Investment and Financing Policies. The Journal of Finance, 1993, Vol. XLVIII, N° 5, pp. 1629-1658.  Smith, Clifford W. and Stulz, René M. The Determinants of Firms' Hedging Policies. Journal of Financial and Quantitative Analysis, 1985, Vol. 20, N° 4, pp. 391-405.  Guay, Wayne and Kothari, S.P. How Much do Firms Hedge with Derivatives. Journal of Financial and Economics, 2003, Vol. 70, pp. 423-461.	BD Ch 30 Problems: All
8	08/04/2019	<b>Final Exam</b>		