FINA 6213 Financial Capital Structure Executive Summary

Registration Details

Course: FINA 6213 Financial Capital Structure
Credits: 1 credit
Prerequisites: MBA 6231 (previously MBA 6230)

Description

A firm can be viewed as a collection of productive assets that generate cash flows. We call this the real side of the firm. A firm can also be viewed as a portfolio of financial securities (debt, equity, etc.). We call this the financial side of the firm. The real side and the financial side are like the two sides of the same coin. Every firm has these two sides. Thus, we cannot have a complete understanding of a firm without understanding its two sides. The purpose of the course is to give you a framework for thinking about the financial side of the firm---the structure of the firm's financial capital and its relation with cost of capital and firm value.

This course uses a mix of lectures, case studies, and a project about a real company to assist our learning. This course is essential for anyone planning a career in finance, whether at a corporation or a financial institution. This course is also recommended to any business student who wants to have a good understanding about the financial side of business.

Objectives

- Understand the concept and the stylized facts of capital structure
- Understand financial leverage
- Understand the tax benefit of debt financing
- Understand financial distress and corporate bankruptcy
- Understand the impact of capital structure on firm's cost of capital and firm value

Learning Outcomes

Students will come away with an understanding of the financial structure of a firm and why it is the most fundamental financial decision of a firm.