

Corporate Finance Fundamentals - Study Plan

Week 1-2: Core Concepts and Financial Statements

Topics:

- Time Value of Money (TVM)
- Interest Rates (simple, compound, effective)
- Net Present Value (NPV), Internal Rate of Return (IRR)
- Financial Statements: Balance Sheet, Income Statement, Cash Flow Statement

Key Formulas:

- $PV = FV / (1 + r)^n$
- $NPV = \sum [CF_t / (1 + r)^t]$

Practice:

- Calculate NPV/IRR for sample projects
- Analyze real company financial statements (e.g., Apple, Coca-Cola)

Week 3: Capital Budgeting

Topics:

- Payback Period, Discounted Payback
- Profitability Index
- Capital Rationing

Tools:

- Excel or a financial calculator

Week 4: Risk and Return

Topics:

- Expected Return, Variance, Standard Deviation
- CAPM: $E(R) = R_f + \text{Beta}(R_m - R_f)$
- Diversification and Portfolio Theory

Week 5: Cost of Capital and Leverage

Topics:

- Weighted Average Cost of Capital (WACC)
- Cost of Debt and Equity
- Operating vs. Financial Leverage

- Break-even Analysis

Week 6: Capital Structure and Dividend Policy

Topics:

- Modigliani-Miller Theorem
- Trade-off Theory, Pecking Order Theory
- Dividend Policy Theories (Residual, Stable, Irregular)

Week 7: Working Capital Management

Topics:

- Cash, Inventory, Receivables Management
- Operating and Cash Conversion Cycles

Week 8: Valuation and M&A Basics

Topics:

- Enterprise Value (EV)
- DCF, Comparable Company Analysis (Comps), Precedent Transactions
- M&A Strategy Basics

Recommended Resources

Books:

- Principles of Corporate Finance by Brealey, Myers, and Allen
- Corporate Finance by Jonathan Berk & Peter DeMarzo

Courses:

- Coursera: University of Illinois - Corporate Finance I & II
- MIT OpenCourseWare: Finance Theory I

YouTube Channels:

- Aswath Damodaran's NYU lectures
- Khan Academy (for basic finance/math)

Study Tips

- Use spaced repetition for formulas and concepts
- Solve practice problems regularly (CFA or MBA prep books are great)
- Join study groups or forums like r/CFA or Investopedia Academy

- Apply concepts to real companies or case studies