

Course title		Corporate Finance						ECTS code		14.3.EM.SL.324	
								ECTS credits		3	
Name of unit administrating study		IHZ		Field of study		MSG**		Field of specialisation		IB;	
Teaching staff		Magdalena Mosionek-Schweda, PhD ; Joanna Adamska-Mieruszewska, Ph.D.									
Number of hours											
Lectures	30	Classes	0	Tutorials	0	Laboratory	0	Seminars	0	Language classes	0
Forma aktywności							Year&Type of studies*		2 SS2,		
Hours with the participation of the academic teacher (including office hours, exams, others):						60	Semester:		4,		
Hours without the participation of the academic teacher (student's self-study, homeworks):						15	Type of course:		obligatory		
Total number of hours:						75	Language of instruction:		English		
Teaching form	in-class learning										
Teaching methods	Lectures including multimodal presentations, Case studies, Activating methods in training classes, The use of English-speaking sources / databases / literature										
Prerequisites (required courses and introductory requirements)											
Required courses	International finance, Mathematical Statistics.										
Introductory requirements	Basic knowledge about finance, capital markets, types of enterprises.										
Assessment method, forms and criteria											
Assessment method	Exam										
Assessment criteria	Written examination: 50% theoretical questions and 50% problems to solve by calculation.										
Course objectives											
The aim of this subject is to familiarize students with corporate finance issues. The additional aim is to improve students vocabulary relating to corporate finance.											
Learning outcomes											
Knowledge	MSG2_W04	Knows rules of financial reporting, appraisal of corporate activities and valuation									
	MSG2_W06	Knows how the company operates on market, finances its activities, conducts valuations and manages risk									
	MSG2_W15	Knows specifics of capital budgeting and management at local and international financial markets									
Verification of learning outcomes - Knowledge											
Outcomes	written exam	oral exam	test	essay/paper /portfolio	tasks/ homeworks	individual presentation	group presentation	classroom activities	classroom discussion	individual project	group project
MSG2_W04	X										
MSG2_W06	X										
MSG2_W15	X										
Skills	MSG2_U04	Is able to use appraisal tools like NPV, IRR and othe in practice, can use financial indicators									
	MSG2_U07	Can analyse relation between capital budgeting, financing, investments and company operations									
	MSG2_U09	Understands and uses proper terminology in regard to financial activities of the company									
Verification of learning outcomes - Skills											

Outcomes	written exam	oral exam	test	essay/paper /portfolio	tasks/ homeworks	individual presentation	group presentation	classroom activities	classroom discussion	individual project	group project
MSG2_U04	X										
MSG2_U07	X										
MSG2_U09	X										

Attitudes	MSG2_K01	Understands limitations of tools used in corporate finance for valuation and understands simplifications used in financial models									
	MSG2_K02	Is able to actively work on complicated and multilayered relations regarding financing, investing and appraising corporate activities									
	MSG2_K06	Is able to formulate critical assessments and find solutions to specific financing, appraisal and valuation problems									

Verification of learning outcomes - Attitudes

Outcomes	written exam	oral exam	test	essay/paper /portfolio	tasks/ homeworks	individual presentation	group presentation	classroom activities	classroom discussion	individual project	group project
MSG2_K01	X										
MSG2_K02	X										
MSG2_K06	X										

Course contents

1. Corporate finance definition and underlying principles. Managing corporate finance. Corporate objectives. Formulating financial strategy. Strategic financial decision. Efficient market hypothesis. The business life cycle.
2. Corporate governance codes of practice. The audit and the roles of auditors. Directors' obligations and responsibilities. Disclosure policy - principles, actions to ensure compliance, legal consequences of its failure.
3. Dividend policy and dividend decisions. Types of dividend policies. Forms and types of dividends. Key steps in process of dividend payments. Measures of dividend policy. The dividend argument - relevancy and irrelevancy. Dividend smoothing phenomenon. Case study: influence of dividend policy on company value.
4. Theory of financial distress and bankruptcy. Reasons and consequences of company's bankruptcy. Discriminant models for forecasting bankruptcy. Case study: Altman's model for forecasting bankruptcy.
5. Asset-Backed Financing. Definition and origin. Prerequisites of using ABF. Types of ABF instruments. Examples of assets used for ABF. Advantages and disadvantages of this type of financing.
6. Long-term sources of company's financing. Issuing equity. The flotation of a company (IPO and SPO). Theoretical diluted price. Financing via stock market versus over-the-counter market (OTC) - advantages and disadvantages from companies point of view. Cost of equity financing. Case study: difficulties in setting the right price for an IPO.
7. Issuing long-term debt. Bond issue versus bank loan. Bond issue versus stock issue. Hybrid financing - definition and purpose. Types of hybrid instruments. Examples.
8. Risk and return. Systematic and unsystematic risk. Firm-specific and shareholder-specific risks. Risk of a single asset and portfolio risk. Sensitivity analysis, probability distributions. Risk measurement - the case study. Risk management and risk factors. The hedging decisions.
9. Capital budgeting process and techniques. Steps in capital budgeting. Independent and mutually exclusive projects. Accounting-based methods. Payback methods. Net present value. Internal rate of return and modified internal rate of return. Profitability index. Exercises and examples.
10. Cash flow and capital budgeting. Types of cash flows. The relevant cash flows. Indirect effects. Sunk costs and opportunity costs. Working capital. The case study of cash flow analysis.
11. Capital cost and capital budgeting. Discount rate (the cost of equity and the cost of debt, weighted average cost of capital). Examples.
12. Capital budgeting and project risk. Types and sources of risk in capital budgeting. Risk adjusted discount rate. Sensitivity analysis and break-even analysis - the case study. Decision tree approach.
13. Capital structure. Financial leverage. Modigliani and Miller capital. The M&M capital structure model with taxes. Patterns in corporate capital structure.

Recommended reading lists
Basic literature:

1. Vernimmen P. Quiry P., Dalocchio M., Le Fur Y., Salvi A. (2017), *Corporate Finance: Theory and Practice*, 5th Edition, John Wiley & Sons Inc.



2. Megginson W.L., Smart S.B., Lucey B.M., *Introduction to corporate finance*, Cengage Learning EMEA, 2008
3. Dayananda J. (ed.), *Capital Budgeting: Financial Appraisal of Investment Projects*, Cambridge University Press 2002.

Supplementary literature:

1. Davies T., Crawford I. (2014), *Corporate Finance and Financial Strategy: Optimising corporate and shareholder value*, Pearson.
2. Mosionek-Schweda M. (2017), *The Organized Bond Markets in Poland and Czech Republic - a Comparative Analysis*, [in:] *The Financial Law towards Challenges of XXI Century*, M. Radwan, J. Gliniecka, T. Sowiński, P. Mrkývka (eds.), Publications of the Masaryk University, Acta Universitatis Brunensis, Iuridica, Theoretical series, Editio Scientia vol. 580, Masaryk University, Brno.
3. Mosionek-Schweda M. (2014), *The Use of Discriminant Analysis to Predict the Bankruptcy of Companies Listed on the NewConnect Market*, [in:] "Equilibrium. Quarterly Journal of Economics and Economic Policy", Volume 9, Issue 3/2014.
4. Eiteman D., Stonehill A., Moffett M., *Multinational Business Finance*, International Edition 11th, Pearson Education, 2007, chapter 19.
5. Megginson W.L., Smart S.B., Lucey B.M., *Introduction to corporate finance*, Cengage Learning EMEA, 2008, chapter 17.
6. Dayananda J. (ed.), *Capital Budgeting: Financial Appraisal of Investment Projects*, Cambridge University Press 2002.

Contact

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* SS1- undergraduate studies * SS2 - graduate studies * SDang - doctoral studies

** MSG - International Economic Relations