

Subject:				
Corporate Finance				
ECTS code	Semester	Faculty: Finance		
	3	Major: Finance and Accounting		
		Corporate Finance and Accounting		
Faculty				
Lecture: Joanna Wyrobek				
Classes: Joanna Wyrobek				
System of studies:				
full time, first degree				
Subject status	Pass requirement	Number of contact hours		ECTS points
		Lectures	Classes	
Concentration	exam	15	30	6
Teaching language				
English				
Subject provisions and objectives (including the expected can-do of students on completion of the course)				
Basic maths				
Teaching curriculum ( in case of prescribed subjects, compliance with the standards, maximum 15 topics)				

## **0. Introduction**

### **1. Legal forms of firms in Poland**

#### **2. Public limited company or joint-stock company or stock corporation (spółka akcyjna)**

- 2.1. Private limited company or limited liability company (spółka z ograniczoną odpowiedzialnością)
- 2.2. Registered partnership or general partnership (spółka jawna)
- 2.3. Professional partnership (spółka partnerska)
- limited partnership or partnership in commendam (spółka komandytowa)
- 2.4. Limited joint-stock partnership or partnership limited by shares (spółka komandytowo – akcyjna)
- 2.5. Civil partnership or civil-law partnership (spółka cywilna)

#### **3. Polish financial statements**

- 3.1. Balance sheet
- 3.2. Profit and loss account
- 3.3. Cash flow statements
- 3.4. Funds flow statement
- 3.5. Additional information

#### **4. Financial ratios**

- 4.1. Liquidity ratios
- 4.2. Profitability ratios
- 4.3. Debt ratios
- 4.4. Activity ratios
- 4.5. Market ratios.
- 4.6. Leverages and risk ratios

#### **5. Capital budgeting decisions**

- 5.1. NPV
- 5.2. IRR
- 5.3. MIRR
- 5.4. PR

#### **6. Principles of stock and bond valuation**

- 6.1. Gordon – Shapiro model.
- 6.2. Two-stage stock valuation model.
- 6.3. Three –stage stock valuation model.
- 6.4. CAPM.
- 6.5. APT.
- 6.6. Bond valuation model.
- 6.7. IRR of a bond.
- 6.8. IRR of short-term commercial papers.
- 6.9. Do operational liabilities cost?

#### **7. Cost of capital**

- 7.1. WACC
- 7.2. Hamada's formula and Brealey – Myers formula for unlevered betas.

#### **8. Capital structure**

- 8.1. MM theorems.
- 8.2. Agency theory.
- 8.3. Asymmetric information.
- 8.4. Capital structure optimising model.

#### **9. Cash and working capital management**

- 9.1. Classical EOQ model and model with modifications
- 9.2. The cost of lost discounts.
- 9.3. Inventory reserve.
- 9.4. BAT

**Class topics (maximum 15 topics)**

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## **Introductory topics**

<b>Teaching methods</b>
Lecture, discussion, class projects
<b>Basic literature and other sources</b>
<ol style="list-style-type: none"> <li>1. Brealey, Myers, "Principles of corporate finance", McGraw-Hill, New York, 1996.</li> <li>2. Francis, Taylor, "Investments", Mc-Graw Hill, New York, 1992.</li> <li>3. Gitman, "Principles of managerial finance", Reading, Massachusetts, 2002.</li> <li>4. Lease, Kose, Kalay, Loewenstein, Sarig, "Dividend policy – its impact on firm value", Harvard Business School Press, Boston, Massachusetts, 1999.</li> <li>5. Reuters "An introduction to bond markets", Reuters, 1999.</li> <li>6. Reuters "An introduction to foreign exchange and money markets", Reuters, 1999.</li> <li>7. Ross, Westerfield, Jordan "Fundamentals of corporate finance", Mc-Graw Hill, New York, 1998.</li> <li>8. Shim, Siegel, "Financial management – second edition", McGraw – Hill, New York, 1998.</li> <li>9. Ward, Bender, "Corporate financial strategy", Butterworth, Heineman, Oxford, 2002.</li> <li>10. Class material, case studies.</li> </ol> <p>Any other book dedicated to corporate finance that covers the topics in the appropriate amount of detail.</p>
<b>Pass requirements for signature/examination</b>
<ol style="list-style-type: none"> <li>1. Completed more than 50% of the final exam</li> <li>2. 80% of class attendance</li> </ol>
<b>Examples of questions for tests and examinations</b>
<ol style="list-style-type: none"> <li>1. Explain assumptions of the CAPM theory.</li> <li>2. How to calculate YTM of a bond.</li> <li>3. Explain components of the WACC formula.</li> <li>4. Enumerate methods of investment project evaluation.</li> <li>5. Discuss determinants of interest rates.</li> <li>6. Explain working capital strategies.</li> </ol>