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|--|--------|---------|-----------|----------|-----------|
| TITLE  |        |         |           |          | Code:     |
| Corporate Finance  |        |         |           |          | 4.3.1550  |
| ECTS points:   | Hours: | Year:   | Semester: | Status:  | Language: |
| 5  | 60     | 2021/22 | summer    | Elective | English   |
| <b>Lecturer:</b> Julia Koralun-Bereźnicka<br><b>Email:</b> julia.koralun-bereznicka@ug.edu.pl  |        |         |           |          |           |
| <p style="text-align: center;"><b>Course description:</b></p> <p><b>Cost of capital:</b> weighted average cost of capital, tax effect, alternative methods of calculating the weights used in the WACC; marginal cost of capital, optimal capital budget, the role of marginal cost of capital in determining the net present value of a project, cost of debt capital according to yield-to-maturity approach and the debt-rating approach; cost of noncallable, nonconvertible preferred stock; cost of equity capital according to capital asset pricing model approach, the dividend discount model approach, and the bond-yield-plus risk-premium approach; beta, country risk premiums, marginal cost of capital schedule, flotation costs.</p> <p><b>Measures of leverage:</b> business risk, sales risk, operating risk, financial risk, degree of operating leverage, degree of financial leverage, degree of total leverage; effect of financial leverage on a company's net income and return on equity; breakeven quantity of sales, operating breakeven quantity of sales.</p> <p><b>Dividends and share repurchases:</b> regular cash dividends, extra dividends, stock dividends, stock splits, reverse stock splits, dividend payment chronology, share repurchase methods; the effect of a share repurchase on earnings per share, the effect of a share repurchase on book value per share.</p> <p><b>Working capital management:</b> primary and secondary sources of liquidity and factors influencing a company's liquidity position; liquidity measures; working capital effectiveness based on operating and cash conversion cycles, company's net daily cash position; yields on various securities, management of accounts receivable, inventory, and accounts payable.</p> |        |         |           |          |           |
| <p style="text-align: center;"><b>Reading list:</b></p> <p>A. Basic literature<br/> M.R. Clayman, M.S. Fridson, G.H. Troughton (2012), Corporate Finance. A Practical Approach, CFA Institute, Wiley.<br/> Corporate Finance (2019), CFA Program Curriculum, Level II, Vol. 3, Wiley.<br/> S.A. Ross, R.W. Westerfield, B.D. Jordan (2010), Fundamentals of Corporate Finance, Mc Graw-Hill Irwin.</p> <p>B. Supplementary literature<br/> J. Koralun-Bereźnicka (2018), Firm size and debt maturity as indirect determinants of capital structure: evidence from European panel data, Applied Economics Letters, 25(18), pp. 1319-1322.<br/> J. Koralun-Bereźnicka (2013), Corporate Performance. A Ratio-Based Approach to Country and Industry Analyses, Springer.</p>  |        |         |           |          |           |
| <p style="text-align: center;"><b>Grading:</b></p> <p>The final grades are based on the score according the University terms of study:<br/> 50% or less - 2,0 (fail)<br/> &gt;50% - 3,0 (pass)<br/> &gt;60% - 3,5 (pass +)<br/> &gt;70% - 4,0 (good)<br/> &gt;80% - 4,5 (good+)<br/> &gt;90% - 5,0 (very good)</p>   |        |         |           |          |           |
| <p style="text-align: center;"><b>Prerequisites:</b></p> <p>There are no pre-requisites for this course</p>  |        |         |           |          |           |