


KAPITAŁ LUDZKI
NARODOWA STRATEGIA SPÓJNOŚCI

Projekt współfinansowany przez
Unię Europejską w ramach
Europejskiego Funduszu
Społecznego

UNIA EUROPEJSKA
EUROPEJSKI
FUNDUSZ SPOŁECZNY


Course title			ECTS code		
Corporate Finance			4.3.2065		
Name of unit administrating study					
Faculty of Management					
Studies					
faculty	field of study	type	first tier studies (BA)		
Faculty of Management	Finance and Accounting	form	full-time		
		specialty	all		
		specialization	all		
Teaching staff					
prof. UG, dr hab. Julia Koralun-Bereźnicka; dr Dawid Szramowski					
Forms of classes, the realization and number of hours			ECTS credits		
Forms of classes			5		
Auditorium classes, Lecture					
The realization of activities					
classroom instruction, online classes					
Number of hours					
Auditorium classes: 30 hours, Lecture: 30 hours					
The academic cycle					
2024/2025 summer semester					
Type of course		Language of instruction			
obligatory		English			
Teaching methods		Form and method of assessment and basic criteria for eveluation or examination requirements			
<ul style="list-style-type: none">- critical incident (case) analysis- discussion- group work- multimedia-based lecture- problem solving- problem-focused lecture- project-based method (research, implementation, practical project)- seminar lecture- text analysis and discussion		Final evaluation			
		<ul style="list-style-type: none">- Graded credit- Examination			
		Assessment methods			
		<ul style="list-style-type: none">- (mid-term / end-term) test- written exam with open questions- assignment work – project or presentation- graded course credit based on individual grades obtained during the semester- written exam (test)- written exam (long written answer/problem solving)			
		The basic criteria for evaluation			
		Tutorials: test (25%) and group project (25%). Lectures: written exam result (50%). The final grade is based on the score according the University terms of study: 50% or less – 2,0 (fail) >50% – 3,0 (pass) >60% – 3,5 (pass +) >70% – 4,0 (good) >80% – 4,5 (good+) >90% – 5,0 (very good)			
Method of verifying required learning outcomes					

Outcomes	Exam	Test	Project	
W06	X	X	X	
W08	x	x	x	
W09	x	x	x	
U01	X	X	X	
U02	x	x	x	
U03	x	x	x	
K04	x	x	x	
K05	x	x	x	
K06	x	x	x	

Required courses and introductory requirements

A. Formal requirements

There are no pre-requisites for this course.

B. Prerequisites

There are no pre-requisites for this course.

Aims of education

The aim of the course is to enable Students to understand and solve basic tasks related to the following areas of corporate finance: cost of capital, leverage, dividend and working capital.

Student knows:

how taxes affect the cost of capital from different capital sources;
 alternative methods of calculating the weights used in the WACC, including the use of the company's target capital structure;
 how the marginal cost of capital and the investment opportunity schedule are used to determine the optimal capital budget;
 the marginal cost of capital's role in determining the net present value of a project;
 uses of country risk premiums in estimating the cost of equity;
 the marginal cost of capital schedule;
 the correct treatment of flotation costs;
 leverage, business risk, sales risk, operating risk, and financial risk;
 the effect of financial leverage on a company's net income and return on equity;
 regular cash dividends, extra dividends, stock dividends, stock splits, and reverse stock splits, including their expected effect on shareholders' wealth and a company's financial ratios;
 dividend payment chronology, including the significance of declaration, holder-of-record, ex-dividend, and payment dates;
 why a cash dividend and a share repurchase of the same amount are equivalent in terms of the effect on shareholders' wealth, all else being equal.
 primary and secondary sources of liquidity and factors that influence a company's liquidity position

Skills

Student can:

calculate and interpret the weighted average cost of capital (WACC) of a company;
 calculate and interpret the cost of debt capital using the yield-to-maturity approach and the debt-rating approach;
 calculate and interpret the cost of noncallable, nonconvertible preferred stock;
 calculate and interpret the cost of equity capital using the capital asset pricing model approach, the dividend discount model approach, and the bond-yield-plus-risk-premium approach;
 calculate and interpret the beta and cost of capital for a project;
 calculate and interpret the degree of operating leverage, the degree of financial leverage, and the degree of total leverage;
 calculate the breakeven quantity of sales and determine the company's net income at various sales levels;
 calculate and interpret the operating breakeven quantity of sales;
 compare share repurchase methods;
 calculate and compare the effect of a share repurchase on earnings per share when 1) the repurchase is financed with the company's excess cash and 2) the company uses debt to finance the repurchase;
 calculate the effect of a share repurchase on book value per share;
 compare a company's liquidity measures with those of peer companies;
 evaluate working capital effectiveness of a company based on its operating and cash conversion cycles, and compare the company's effectiveness with that of peer companies;
 calculate and interpret comparable yields on various securities, compare portfolio returns against a standard benchmark, and evaluate a company's short-term investment policy guidelines;
 evaluate a company's management of accounts receivable, inventory, and accounts payable over time and compared to peer companies;

evaluate the choices of short-term funding available to a company and recommend a financing method

Student:

acts as a team player or team leader to complete classroom activities

prepares and gives presentations

moderates and participates in discussions, expresses own opinions and constructive criticism about projects of peer students

Course contents

Cost of capital: 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.

Measures of leverage: 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.

Dividends and share repurchases: 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.

Working capital management: 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.

Bibliography of literature

The learning outcomes (for the field of study and specialization)

W06
W08
W09
U01
U02
U03
K04
K05
K06

Knowledge

The student has advanced knowledge of methods and tools, including data acquisition and analysis techniques, appropriate to management and quality studies, which allows for the description of economic structures and institutions and the processes within and between them.

The student has the principles of evaluating projects in the field of finance (profitability of investment projects, assessment of the organization's financial situation, risk assessment, threat of bankruptcy).

The student knows the principles of formation and economic functioning of commercial and public sector organizations, their forms, phases of development, as well as the financial conditions determining their value and economic success.

Skills

The student understands and can correctly interpret complex economic phenomena in management and quality studies. The student understands and can explain the content of announcements of economic institutions, articles published in the daily press and journals in the field of finance (excluding scientific journals). The student correctly applies concepts of social sciences.

The student can acquire data from various sources to analyse specific economic processes and phenomena related to finance. The student can also use information technologies.

The student can adequately analyze the causes, course, and effects of specific processes and phenomena in finance using advanced theories and appropriate social science methods. The student can also identify stakeholders of processes and phenomena from the discipline of management and quality studies and the field of finance.

Social competence

Integrity: the student adheres to the principles of business ethics, respects the law, is objective, can recognize conflicts of interest, correctly identifies and resolves dilemmas related to the practice of the profession.

Responsibility: the student meets deadlines, can set priorities appropriately to complete the task set before him/her, consistently strives to achieve the set goal, can work systematically and independently, observes the rules and norms of social coexistence.

Creativity: the student thinks creatively, can go beyond the usual patterns, can think and act in an entrepreneurial manner, can adapt flexibly to the requirements of the environment.

Contact

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