



POZNAŃ UNIVERSITY
OF ECONOMICS
AND BUSINESS

Syllabus

Field of study

ERASMUS course

Subject name Corporate finance		
Subject name in English Corporate finance		
Subject code	Year / semester winter / spring	Method of evaluation Project; Test; Class discussion
Specialisation All	Track General academic	Level of qualification First-cycle programme/ Second-cycle programme
Mode of study Full time	Language of instruction English	Subject obligatory/elective
Number of hours Lectures: 30 Classes: 0	Number of ECTS points 4	Block A
Responsible	Justyna Rój	

Subject's educational aims

C1	To provide the knowledge about the rules of corporate investment and financial decisions making.
C2	To develop the analytical skills for making corporate investment with regards to financial decisions and risk analysis.
C3	To provide the knowledge in the field of liquidity and working capital management.
C4	To develop the dispositions to use knowledge in analysing the impact of corporate decisions on company value.

Subject's learning outcomes

Code	Outcomes in terms of	Learning outcomes within the field of study
Knowledge		
W1	Students will have the knowledge to understand the implications of the strategic objectives of the corporation for the finance function.	
W2	Students will be able to understand principles and techniques of corporate investment and financial decision making.	
W3	Students will have good understanding of, and also be able to discuss current topical issues under debate in the world of corporate finance.	
Skills		
U1	Students should be able to identify and search financial data sources in order to obtain relevant financial data.	
U2	Students will be able to use basic techniques to evaluate the financial	

	situation and performance of corporation.	
U3	Students should be able to prepare a financial plan and use it in purpose to identify basic risk factors of corporate financial performance.	
U4	Students should be able to choose proper tools, models and measures supporting investment decision making, calculating and interpreting the results.	
U5	Students should be able to choose proper tools, models and measures supporting financial decision making, calculating and interpreting the results.	
U6	Students should be able to use basic tools useful in working capital management.	
U7	Students will learn how to apply spreadsheets to calculate the values of projects or securities.	
U8	Students should understand limitations of tools used in corporate finance for valuation and understand simplifications used in financial models.	
U9	Students will be able to identify problems, obstacles and opportunities and know how to propose improvements and innovative strategic solutions in the corporate financial field.	
U10	Students should be able to discuss current topical issues under debate in the world of corporate finance.	
Social competences		
K1	Students should be able to engage in teamwork.	
K2	Students should be able to demonstrate planning and organisational skills which achieve objectives within the established deadlines and, at the same time, produce quality work, in a clear and orderly fashion.	
K3.	Students will develop their critical auditory as well as orally communication and participation in discussion by presenting logical arguments of their views.	

Study content

No	Study content	Subject's educational aims	Subject's learning outcomes
1.	Corporate finance definition and underlying principles. The scope of corporate finance. Corporate objectives. Strategic financial decision. Separation of ownership and control. Efficient market hypothesis.	C1, C2	W1,W2,U8,U9,U10,K3
2.	Analysis of financial statement and ratio analysis: liquidity ratios, asset management ratios, debt management ratios, profitability ratios. DuPont analysis.	C1, C2, C3	W1,W3,U1,U2,U3,U7, U9,U10,K1,K2,K3
3.	Cash flow analysis. The relevant cash flows. Indirect effects. Sunk costs and opportunity costs. Free cash flow (FCF).	C1, C2	W1,W2,U1,U2,U4,U7, U9,U10,K1,K2,K3
4.	Working capital management: net working capital, working capital requirement, operating cycle, cash conversion cycle – concepts and calculations;	C1, C3	W1,W2,W3,U1,U2,U3, U4,U6,U7,U8,U9,U10, K1,K2,K3

	policies of current assets management; policies of financing current assets;		
5	Sources of company financing. Equity and debt financing: types of stocks, issuing stock, private-equity funds, types of bank loans, bonds and short-term commercial papers; leasing. Hybrid financing.	C1, C2	W1,W2,W3,U1,U5,U9,U10,K2,K3
6	Stock and bond valuation models.	C1, C2, C4	W2,U1,U2,U4,U5,U7,U8,U9,U10,K1,K2,K3
7	Financial plan – aim, types, tools.	C1, C2, C3	W1,W2,U1,U2,U3,U4,U6,U7,U8,U9,U10,K1,K2,K3
8	Capital budgeting (investment appraisal) process and techniques. Steps in capital budgeting. Independent and mutually exclusive projects. Capital decision rules: Net present value. Internal rate of return and modified internal rate of return. Profitability index. Accounting-based methods. Payback methods.	C1, C2, C4	W1,W2,W3,U1,U2,U4,U7,U8,U9,U10,K1,K2,K3
9	Capital budgeting and project risk. Types and sources of risk in capital budgeting. Sensitivity analysis and break-even analysis. Decision tree approach.	C1, C2, C4	W1,W3,U1,U2,U4,U7,U8,U9,K1,K2,K3
10	Operating and financial leverage: operating and financial risk; effect of financial leverage; degree of operating, financial and total leverage.	C1, C2, C4	W1,W2,W3,U1,U2,U7,U8,U9,U10,K1,K2,K3
11	Risk and return. Systematic and unsystematic risk. Firm-specific and shareholder-specific risks. Risk of a single asset and portfolio risk.	C1, C2, C4	W1,W2,W3,U1,U2,U5,U7,U8,U9,U10,K1,K2,K3
12	Capital cost. Discount rate (the cost of equity and the cost of debt, weighted average cost of capital).	C1, C2, C4	W1,W2,U1,U2,U5,U7,U8,U9,U10,K1,K2,K3
13	Capital structure theories: Modigliani-Miller theory: taxes, bankruptcy costs, agency costs; information asymmetry in capital structure theories. Patterns in corporate capital structure	C1, C2, C4	W2,W3,U5,U10,K3
14	Dividend policy and dividend decisions. Terms of dividend policy. Types of dividend policies. Forms and types of dividends.	C1, C2, C4	W1,W3,U2,U9,U10,K2,K3
15	Corporate valuation – income approach: free cash flow for business valuation; residual value; risk-adjustment discount rate in business valuation.	C1, C2, C4	W1,W3,U1,U2,U4,U5,U7,U8,U9,U10,K1,K2,K3

Bibliography

Obligatory

E.F. Brigham, J.F. Houston, Fundamentals of Financial Management, Thomson South-Western, 10th Edition (International Student Edition), 2004 (and subsequent editions)

Recommended

1. J.Berk, P. DeMarzo, Corporate Finance, Pearson, 2014, 3rd Edition, (and subsequent editions)
2. R. Brealey, S.C. Myers, F. Alen, Principles of Corporate Finance, McGraw-Hill Irwin, 2007, 9th Edition (and subsequent editions)

3. A. Damodaran, Corporate Finance. Theory and Practice, Wiley&Sons, 2001, 2nd Edition, (and subsequent editions)
4. S. Ross, R. Westerfield, J. Jaffe, Corporate Finance, McGraw-Hill, 2012, 10th Edition, (and subsequent editions)
5. D. Watson, A. Head, Corporate Finance. Principles and Practice. 7th Edition, Pearson, 2016 (and subsequent editions)

Entry requirements	Introductory level mathematics and economics will be helpful.
Teaching methods	Lectures and Interactive class presentations, case study/problem solving based learning, independent work
Method of evaluation	Project; test; class discussion

Settlement of ECTS points

Forms of student work	Average number of hours for student work*	
Participation in lectures	30	
Individual study of the materials (preparation for lectures / test)	30	
Practical class work (solving practical problems outside of class) and group project	55	
Individual or in group consultation in purpose to solve questions and doubts that could appear (online,mail,personal feedback)	5	
Student work in total	Number of hours	ECTS points
	120	4
Contact hours (with the teacher)	Number of hours	ECTS points
	35	1
Practical-class work	Number of hours	ECTS points
	55	2

* one hour of classes = 45 minutes

Methods of evaluating the learning outcomes

Learning-outcome code	Methods of evaluation		
	PROJECT	TEST	CLASS DISCUSSION
W1	+		+
W2	+	+	+
W3	+		+
U1	+		+
U2	+	+	+

U3	+		+
U4	+	+	
U5	+	+	
U6	+	+	
U7	+		
U8	+	+	
U9	+		+
U10			+
K1	+		+
K2	+	+	+
K3	+		+