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**CORPORATE FINANCE COURSE (MODULE) DESCRIPTION**

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| **Course title**  | **Code** |
| **Corporate Finance** |  |

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| **Staff** | **Department** |
| **Coordinator(s**): Prof. Dr. Arvydas Paškevičius**Other(s):**  | Department of Finance, Faculty of Economics and Business Administration Saulėtekio ave. 9, bld.2 LT-10222, Vilnius |

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| **Study cycle** | **Course type**  |
| Second | Compulsory |

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| **Form of implementation** | **Period of implementation** | **Language of instruction** |
| Classroom | First Autumn semester  | English |

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| **Requirements for student** |
| **Prerequisites:** theory ofmicro- and macroeconomics, knowledge in accountancy | **Additional requirements (if any):** none |

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| **Number of ECTS credits** | **Student’s workload** | **Contact hours** | **Individual working hours** |
| 5 | 130 | 24 | 106 |

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| **Purpose of the course and competences developed** |
| The aim of the course is to form the theoretical and practical abilities and skills to evaluate a company’s corporate governance; to analyse a capital budgeting problem; to estimate a company’s cost of capital; to evaluate a company’s operating and financial leverage and its working capital management.  |
| **Learning outcomes** | **Teaching methods** | **Assessment methods** |
| Student will be able:- to evaluate a company’s corporate governance  | Problem-based teaching, independent solution of pilot tests in the *Moodle* environment, case study, giving a presentation, discussions  | Problem solutions at seminars; Case study task solution; Examination.  |
| - to analyse a capital budgeting problems; |
| - calculate and interpret the weighted average cost of capital (WACC) of a company;  |
| - to evaluate a company’s operating and financial leverage;  |
| - explain the effects of leverage, taxes, financial distress, agency costs, and asymmetric information on a company’s cost of equity, cost of capital, and optimal capital structure |
| - describe the expected effect of regular cash dividends, extra dividends, liquidating dividends, stock dividends, stock splits, and reverse stock splits on shareholders’ wealth and a company’s financial ratios |
| - describe primary and secondary sources of liquidity and factors that influence a company’s liquidity position |
| - to produce and to analyse the financial statements of a company |

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| **Course themes** | **Contact / Individual work: time and assignments** |
| Lectures | Tutorials | Seminars  | Practical classes | Laboratory work | Practice | **Contact hours** | **Individual work** | **Assignments** |
| 1. Intro to Corporate Finance  | 1 |  |  |  |  |  | **1** | **3** | Review of the test questions by themes  |
| 2. Corporate Governance  | 1 |  | 1 |  |  |  | **2** | **6** |
| 3. Capital budgeting  | 2 |  | 3 |  |  |  | **5** | **13** | Completion of seminar assignments, presen­tation of case studies, and review of the testquestions by themes |
| 4. Cost of Capital  | 1 |  | 1 |  |  |  | **2** | **10** |
| 5. Measures of leverage | 1 |  | 1 |  |  |  | **2** | **10** | Completion of seminarassignments, review ofthe test questions bythemes |
| 6. Capital Structure | 1 |  | 1 |  |  |  | **2** | **10** |
| 7. Dividends and Share repurchases: Basics | 1 |  | 1 |  |  |  | **2** | **10** | Completion of seminarassignments, presen­tation of case studies, and review of the test questions by themes |
| 8. Dividends and Share repurchases: Analysis | 1 |  | 1 |  |  |  | **2** | **10** |
| 9. Working Capital Management | 2 |  | 2 |  |  |  | **4** | **16** |
| 10. Financial Statement Analysis | 1 |  | 1 |  |  |  | **2** | **18** |
| **Total** | **12** |  | **12** |  |  |  | **24** | **106** |  |
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| **Assessment strategy** | **Share** **in %** | **Time of** **assessment** | **Assessment criteria**  |
| Problem solutions at seminars | 20% | During the course | 2 points: active participation in doing assignments, with an average grade of 10 for their completion; less than 2 points: the average grade for the completed assignments is less than 10; 0 points: non-participation in doing assignments. |
| Test # 1 (closed and open-ended tasks / questions) | 40% | During the course | Colloquium test shall be taken by electronic means at the Examination centre. Students are required to solve not less than 50% of all tasks presented in test. Where the grade for the colloquium is above 5, it is multiplied by 40% and shall be added to the final result.  |
| Examination | 40% | At the end of the course | Examination shall be taken by electronic means at the Examination center. Students are required to solve tasks presented in the test. The grade of the examination is multiplied by 0.4 and shall be added to the final result. |

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| **Author** | **Published** **in** | **Title** | **Issue No.****or Volume** | **Publishing house** **or Internet site** |
| **Required reading** |
| Michelle R. Clayman, CFA, Martin S. Fridson, CFA, George H. Troughton, CFA. | 2012 | Corporate Finance: a practical approach  | 2nd Edition | Wiley |
| Ross, Stephen A. Westerfield, Randolph W. Jordan, Bradford D. | 2009 | Fundamentals of Corporate Finance | 9th Edition | McGraw-Hill/Irwin |
| **Supplementary reading** |
| Kester W. Carl, Richard S. Ruback, Peter Tufano | 2010 | Case Problems In Finance |  |  |
| Robert F. Bruner, Kenneth Eades, Michael Schill | 2010 | Case Studies in Finance |  |  |