

COURSE PLAN

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| Course title | Corporate finance |
| Aims of the course | Corporate Finance provides an advanced course on the financial aspects of corporations. The course is designed as a solid preparation for professional engagement in the field of finance, as well as a strong foundation for doctoral studies in the same field. The program emphasizes the principle of value maximization as the central objective of corporate financial decision-making. Students will acquire analytical competencies in the evaluation of investment projects, capital structure design, payout policy, and risk management, with a strong focus on how these decisions affect firm value. In addition, the course develops advanced skills in valuation techniques, cost of capital estimation, and the integration of risk and return into strategic corporate choices. Through a combination of theoretical modeling and practical applications, it encourages critical thinking and problem-solving in complex financial contexts. Ultimately, the aim of the course is to enable students to approach corporate finance issues with academic rigor and to apply this knowledge in both professional practice and scholarly research. |
| Learning outcomes | <p>By the end of the course, students will be able to:</p> <ul style="list-style-type: none"> • Understand and differentiate three basic methods of financial analysis: time value of money, the analysis of financial ratios and evaluation of financial assets. • Define and estimate hurdle rates for firms and projects. • Analyse rules for financial decision making and draw conclusions about future investments using capital budgeting techniques and cash flow analysis. • Apply and estimate investment in non-cash working capital, cash and marketable securities. • Define and forecast an optimal financial mix and optimal dividend policy |
| List of topics/name of the lecturer (including visiting lecturers and experts where applicable) | |
| Week I 22nd of September | <p>Introduction to Corporate Finance</p> <ul style="list-style-type: none"> – Course description and literature overview |

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| | <ul style="list-style-type: none"> – Method of teaching and student obligatory curricular activities – Core aims of Corporate Finance |
| Week II 29th of September | Corporate Forms and Governance <ul style="list-style-type: none"> – Types of firms, the relationship between ownership and control, and the role of the stock market. – Introduction to Financial Statement Analysis Financial decision making <ul style="list-style-type: none"> – Fundamental tools for interpreting and evaluating corporate financial reports. – Overview of financing choices – Equity and debt financing |
| Week III 6th of October | Time value of money <ul style="list-style-type: none"> – Types of cash flows: Annuities and perpetuities – Compounding and discounting |
| Week IV 13th of October | Financial asset valuation 1 <ul style="list-style-type: none"> – Interest Rates and Their Determinants – Discounting and the Opportunity Cost of Capital – – Bond types, Bond Valuation and Cash Flows – Stock/equity valuation |
| Week V 20th of October | Financial asset valuation 2 <ul style="list-style-type: none"> – The Dividend-Discount Model – Applying the Dividend-Discount Model – Total Payout and Free Cash Flow Valuation Models |
| Week VI 27th of October | Investment analysis and Capital budgeting 1 <ul style="list-style-type: none"> – Estimating hurdle rate for firms – Estimating hurdle rate for projects – Investment decision rules (accounting principle, DCF principle) |
| Week VII 3rd of November | Investment analysis and Capital budgeting 2 <ul style="list-style-type: none"> – Forecasting and Cash Flow Analysis – Capital Budgeting and NPV Evaluation – Project Analysis and Adjustments |
| Week VIII 10th of November | Capital Markets and the Pricing of Risk <ul style="list-style-type: none"> – Risk and Return Fundamentals. – Beta and the Cost of Capital |
| Week IX 17th of November | Financial mix: <ul style="list-style-type: none"> – Advantages and disadvantages of debt financing and cost of debt – Advantages and disadvantages of equity financing and cost of equity – Case study: Analysis of current financial mix of chosen companies |
| Week X 24th of November | Optimal financial mix: <ul style="list-style-type: none"> – Optimal financial mix |

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| | <ul style="list-style-type: none"> – Miller-Modigliani theorem – Different approaches to financial mix optimisation |
| Week XI 1st of December | Payout Policy <ul style="list-style-type: none"> – Background of dividend policy – Analysis of different approaches to dividend policy |
| Week XII 11th of December | Midterm exam |
| Week XIII 18th of December | Applied exercise <ul style="list-style-type: none"> – Dividends & Payout Policy: Students will assess how dividend decisions affect shareholder value. They will analyse payout ratios and retention policies in practice. – Risk & Return: Students will evaluate projects using CAPM and WACC. They will relate risk measures to expected returns for investment decisions. |
| Week XIV 25th of December | Resit exam |
| Mandatory readings | Berk, J., & DeMarzo, P. (2023). Corporate finance (6th ed.). Harlow: Pearson Education. |
| Semestral assessment | Midterm exam (written): 60 points Final exam (written): 40 points |
| List of lecturers (academic) | Professor Ana Mugoša, PhD, Assistant Professor Jelena Jovović, MSc, Teaching Assistant |
| Name of the course coordinator | Professor Ana Mugoša, PhD, Assistant Professor |
| List of visiting lecturers (experts), (where applicable) | |