

UNIVERSITY OF ECONOMICS - VARNA
FACULTY OF „FINANCE AND ACCOUNTING“
DEPARTMENT „FINANCE“

ACCEPTED BY:

Rector:

(Prof. Dr. Plamen Iliev)

SYLLABUS

SUBJECT: “CORPORATE FINANCE”;

DEGREE PROGRAMME: „International Business“; BACHELOR’S DEGREE

YEAR OF STUDY: 4th; SEMESTER: 7th;

TOTAL STUDENT WORKLOAD: 240 h.; incl. curricular 75 h.

CREDITS: 8

DISTRIBUTION OF WORKLOAD ACCORDING TO THE CURRICULUM

<i>TYPE OF STUDY HOURSE</i>	WORKLOAD, h.	TEACHING HOURS PER WEEK, h
CURRICULAR: incl. <ul style="list-style-type: none">• LECTURES• SEMINARS (lab. exercises)	45 30	3 2
EXTRACURRICULAR	165	

Prepared by:

1.
(Assoc. Prof. Dr. Dancho Petrov)

2.
(Assoc. Prof. Dr. Jordan Jordanov)

Head of department:

„Finance“ (Prof. Dr. Stefan Vachkov)

I. ANNOTATION

The presented syllabus of Corporate Finance course study contains the most significant themes and contemporary views on the subject. The main objectives of the lecture and seminar courses of Corporate Finance are obtaining theoretical knowledge and practical abilities of the following main topics:

- *The Time Value of Money;*
- *The Pricing of Stocks and Bonds;*
- *Capital-Budgeting Decisions;*
- *Long Term Financing Decisions;*
- *Cost of Capital and Weighted Average Cost of Capital.*

This material supplies the foundation that enables students to see financial problems from a different frame of reference. The emphasis is on how companies create value and how corporate finance can facilitate the process of value creation. Topics covered include the basics of the estimation of cash flows, risk analysis and corporate strategy. Furthermore discounted cash flow valuations cover more advanced time value topics with numerous examples and financial calculator tips. Bond valuation topic clears up the pricing of bonds, duration, quoting conventions and other specific features of bonds.

After studying this course the students should understand and apply:

- *The basic types of financial management decisions;*
- *How to determine a firm's cash flows from its financial statement;*
- *How to find the return on an investment and how long it takes for an investment to reach a desired value;*
- *How to determine the future and present value of investments with multiple cash flows;*
- *How to determine bond values, bond yields and their fluctuation;*
- *How stock markets work and how stock prices depend on future dividends and dividend growth;*
- *How to calculate expected return, the impact of diversification and risk-return trade-off;*
- *How to determine a firm's weighted average cost of capital;*
- *How to use discounted and non-discounted techniques for evaluation of proposed investment projects;*
- *How to determine the relevant cash flows and how to determine if a project is acceptable.*

II. THEMATIC CONTENT

No.	TITLE OF UNIT AND SUBTOPICS	NUMBER OF HOURS		
		L	S	LS
I. Introduction to Corporate Finance		4	2	
1.	The Corporate Firm			
2.	Financial Goals of the Corporations			
3.	Corporations on the Financial Markets			
II. Contemporary Accents of Corporate Financial Management		4	2	

1.	A Finance Manager's Job, Objective and Dilemma			
2.	A Fundamental Result in Finance			
3.	The NPV Investment Rule			
III. Time Value of Money		4	3	
1.	Future Value of a Single Cash Flow			
2.	Present Value of a Single Cash Flow			
3.	Future and Present Value of a Set of Cash Flows			
IV. Assessment of Finite and Infinite Cash Flows		4	3	
1.	Future and Present Value of an Annuity			
2.	Present Value of Perpetuity			
3.	Annual Percentage Rate and Effective Annual Rate			
V. Bond Valuation		4	3	
1.	Value of a Bond			
2.	Bond Prices and Returns			
3.	Bond Risk, Discount and Premium Bonds			
4.	Bond Duration			
VI. Stock Valuation		4	3	
1.	Stock Payoff			
2.	The Constant Growth Model			
3.	The Earnings Model			
VII. Portfolio Diversification and the Capital Asset Pricing Theory		4	2	
1.	Risk and Return			
2.	The Concept of Risk with One, Two or More Risky Assets			
3.	Mean Variance Efficiency			
4.	Risk and Return of a Portfolio of Assets			
VIII. Cost of Capital		4	3	
1.	Introduction			
2.	Determinants of Weighted Average Cost of Capital (WACC)			
3.	Required Rate of Return			
4.	Measuring WACC from Individual Costs of Capital			
IX. Long Term Financing		4	3	
1.	Project Valuation and Cash Flows			
2.	Principles of Estimating Cash Flows			
3.	Cash Flows and Inflation			
X. Capital Investment Decisions		4	3	
1.	Steps in Capital Investment Process			
2.	Capital Expenditures Motives			
3.	Finding the Initial Investment			
4.	Finding the Operating Cash Flows			
XI. Capital Budgeting Techniques		5	3	
1.	Net Present Value (NPV)			
2.	Profitability Index			
3.	Internal Rate of Return (IRR)			
4.	NPV versus IRR			
Total:		45	30	

III. FORMS OF CONTROL:

No. by row	TYPE AND FORM OF CONTROL	№	extracurricular, h.
1.	Midterm control		
1.1.	Test (mixed questions)	1	
1.2.	Test on separate themes	1	
1.3.	Problems solving	2	
	Total midterm control:	4	75
2.	Final term control		
2.1.	Examination (test)	1	
	Total final term control:	1	90
	Total for all types of control:	5	165

IV. LITERATURE

REQUIRED (BASIC) LITERATURE:

1. Brealey, Richard A. et al. Principles of Corporate Finance / Richard A. Brealey, Stewart C. Myers, Franklin Allen. - 11. ed. - Berkshire: McGraw-Hill, 2013.
2. Berk, Jonathan et al. Fundamentals of Corporate Finance: Global Edition: The Prentice Hall Ser. in Finance 3 ed. - Boston: Pearson Ed., 2014.

RECOMMENDED (ADDITIONAL) LITERATURE:

1. Ehrhardt, M., E. Brigham, Corporate Finance, South-Western College Pub; 5 edition, 2013.
2. Gitman, L., C. Zutter, Principles of Managerial Finance, 14th ed., Prentice-Hall, 2014.
3. Ross, S., R. Westerfield, B. Jordan. Fundamentals of Corporate Finance, 11th ed., McGraw-Hill/Irwin, 2015.
4. Pike, R., B. Neale. Corporate Finance and Investment: Decisions and strategies, Pearson, 7 ed., 2012.
5. Shapiro, A., S. Balbirer. Modern Corporate Finance: A Multidisciplinary Approach to Value Creation, Prentice Hall, 1999.
6. Stern, J., D. Chew. The Revolution in Corporate Finance, Wiley-Blackwell, 4 ed., 2003.