

# COURSE DESCRIPTION

<b>University:</b> <i>School of Economics and Management in Public Administration in Bratislava</i>					
<b>Department:</b> <i>Institute of Economy and Management</i>					
<b>Code:</b>			<b>Course name:</b> <i>Business Finances</i>		
<b>Type, extent and method of instruction:</b> Full-time studies: lectures - 2 lessons per week; seminars – 2 lessons per week					
<b>Number of credits:</b> 5					
<b>Study degree:</b> Bachelor					
Prerequisites: Macroeconomics, Finance and Currency, Microeconomics, Introduction to Applied Mathematics, Statistics					
<b>Course completion conditions:</b> To be evaluated by an A, it is necessary to have at least 90 points, to be evaluated by a B at least 80 points, to be evaluated by a C at least 70 points, for D at least 60 points and for E at least 50 points.					
<b>Course aims:</b> The goal is to acquire the theoretical basis and practical application of financial relations within corporate finance.					
<b>Brief outline of the course:</b> <ol style="list-style-type: none"> <li>1. Introduction to Corporate Finance.</li> <li>2. Financial Reporting.</li> <li>3. Ratio Analysis. Network of Ratio Interrelationships. Limitations of Ratio Use.</li> <li>4. Present value and opportunity cost of capital. Present value (PV). Net Present value (NPV). Future value (FV). Perpetuities and annuities. Nominal and real rates of interest. Valuing bonds and stocks using present value formulas.</li> <li>5. Risk, return and opportunity cost of capital. Risk and risk premium. Portfolio risk and return. Portfolio theory. Capital assets pricing model (CAPM). The Weighted Average Cost of Capital. Alternative asset pricing models. Arbitrage pricing theory. Three-Factor Model. Market efficiency.</li> <li>6. Capital budgeting and Decision Rules. Cost of capital with preferred stocks. Cost of capital for new projects. Calculating free cash flows. Average Accounting Return (AAR). Internal Rate of Return (IRR). Profitability Index (PI).</li> <li>7. Corporate financing and valuation. Debt characteristics. Equity characteristics. Debt policy. Capital structure, beta measure of risk and cost of capital. Dividend policy. Financial planning and decisions.</li> <li>8. Options and option valuation. The basics. Option pricing. Binominal method of option pricing. Black-Scholes' Model of option pricing. Real options. Practical problems in valuing real options.</li> </ol>					
<b>Recommended literature:</b> <ol style="list-style-type: none"> <li>1. READ, C. 2014. THE CORPORATE FINANCIERS. PALGRAVE MACMILLAN. 2014. 216 P. ISBN 978-1-137-34127-3</li> <li>2. PYLES, M. K. 2014. APPLIED CORPORATE FINANCE. QUESTIONS, PROBLEMS AND MAKING DECISIONS IN THE REAL WORLD. SPRINGER. 2014, XII, 336 P. ISBN 978-1-4614-9173-6</li> <li>3. VERNIMMEN, R. – QUIRY, P. – DALLOCCHIO, M. – LE FUR, Y. – SALVI, A.: CORPORATE FINANCE : THEORY AND PRACTICE. 3.ED. CHICHESTER : JOHN WILEY AND SON, LTD., 2011.</li> </ol>					
<b>Language of instruction:</b> <i>English</i>					
<b>Notes:</b>					
<b>Course evaluation:</b>					
<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
a	b	c	d	e	f

