

SYLLABUS OF SUBJECT – FULL-TIME STUDY

Silesian University in Opava					
School of Business Administration in Karvina					
Expiry date of accreditation					
Subject unit code	PCOF	Department code	FIN		
Subject name	Corporate Finance in Central Europe				
Type of subject within study programmes	Povinně volitelný (B): EKMBP FF, EKMBP FF (English)		Recommended year of study/ semester	3/6	
Scheduling					
Extent of subject	2+1	Hours per week	3 h	Credits	4 ECTS
Grading	Final exam				
Learning track	Lecture + seminar				
Consulting					
Assessment	Compulsory attendance at seminars 25 %. Seminar paper, seminar discussions, ongoing test, final exam (written)				
Pre-requisites for admission	conditioning	Course can be attendet independently on other courses			
	excluding				
Lecturer	full-time	Ing. Pavlína Haltofová, Ph.D., přednášející			
	part-time				
Content description	<p>The purpose of the course Corporate Finance in Central Europe is to develop an understanding of the rapidly evolving situation in the field of Corporate Finance in the former centrally planned economies of Central Europe. Students will be able to understand not only the major topics of Corporate Finance, but also to evaluate the influence of privatization processes on corporate culture in these countries, and to evaluate consequences of these processes.</p>				
Content Structure	<ol style="list-style-type: none"> 1. Corporate finance – an overview 2. Capital budgeting 3. Investment – basic investment rules 4. Risk concepts and valuation 5. Capital structure 6. Long-term financing 7. Long-term financing in Central Europe 8. Short-term financing 9. Short-term financing in Central Europe 10. Privatization processes and corporate finance – an overview 11. Structure of ownership in privatized firms 12. Capital structure of privatized firms 13. International corporate finance 				

1. Corporate finance – an overview
What is corporate finance? Corporate securities as contingent claims on total firm value, the corporate firm, goals of the firm, the theories of firm.
2. Capital budgeting
The financial market economy, the competitive market, the basic principles, making consumption choices, corporate investment decision-making,
3. Investment – basic investment rules
Future value, present value, net present value. Simplifications – perpetuity, growing perpetuity, annuity, growing annuity. Basic investment rules – net present value, internal rate of return, profitability index, payback period, discounted payback period. Net present value and capital budgeting, net present value and inflation.
4. Risk concepts and valuation
Risk statistics, normal distribution and its implications for standard deviation, discount rate for risky projects, risk of simple portfolio.
5. Capital structure
Influence of capital structure on firm's value, Modigliani and Miller analysis, costs of capital, financial leverage and firm value.
6. Long-term financing
Issuing equity securities to the public, long-term debt, the public issue of bonds, warrants and convertibles, leasing, hedging risk.
7. Long-Term financing in Central Europe
Issuing Equity Securities to the Public – Initial Public Offering, Long-Term Debt, Leasing, European lease accounting.
8. Short-term financing
Tracing cash and net working capital, the operating cycle and the cash cycle, cash budgeting and cash management, credit management. The decision to grant credit: risk and information, optimal credit policy, credit analysis.
9. Short-Term financing in Central Europe
Tracing cash and net working capital, defining cash in terms of other elements, managing the collection and distribution of cash.
10. Privatization processes and corporate finance – an overview
Starting lines, current situation, ongoing integration of Central European capital markets, the necessity of the harmonization with other European countries, European corporate tax systems.
11. Structure of ownership in privatized firms
Development of ownership during the 90th, a continuation of privatization of remaining strategic companies.
12. Capital structure of privatized firms
Influence of financial market in Central Europe on capital structure of the firms,

financial leverage in privatized firms.

13. International corporate finance

International capital budgeting, international financial decisions, international capital structure, exchange-rate risk. Foreign trade in Central European Countries. International exposure of Central European firms.

Text books required

BURKLEY, A., ROSS, SA., WESTERFIELD, RW., JAFFE, JF. *Corporate Finance Europe*. Cambridge: McGraw-Hill, 2004. ISBN 0-256-13473-1.

ROSS, SR., WESTERFIELD, RW., JORDAN, BD. *Fundamentals of Corporate Finance 7th Edition*, Boston: McGraw-Hill, 2006. ISBN 0-07-319262-7.

Text books recommended

BLOCK, SB., GEOFFREY, GA. *Foundations of Financial Management*. Boston: McGraw-Hill, 2005. ISBN 0-07-284229-6.

BREALEY, A., MYERS, SC., ALLEN, F. *Corporate Finance*. Boston: McGraw-Hill, 2005. ISBN 0-07-111795-4.

MADURA, J. *International Corporate Finance*. New York: Thompson South-Western, 2005. ISBN 0-32-432382-4.

MEJSTRÍK, M. (ed.) *The Privatization Process in East-Central Europe. International Studies in Economics and Econometrics*. Dordrecht-Boston-London: Kluwer Academic Publishers, 1997. ISBN 0-7923-4096-5.

Various readings from *The Economist*, *The Euro* and other financial magazines.

Resources and equipment
Electronic media devices used during classes.
Comments and exceptions