

МИНИСТЕРСТВО ОБРАЗОВАНИЯ И НАУКИ РОССИЙСКОЙ ФЕДЕРАЦИИ

Федеральное государственное автономное образовательное учреждение высшего образования

НИЖЕГОРОДСКИЙ ГОСУДАРСТВЕННЫЙ УНИВЕРСИТЕТ ИМ. Н.И. ЛОБАЧЕВСКОГО

Институт аспирантуры и докторантуры

УТВЕРЖДАЮ
Директор Института аспирантуры и докторантуры



Б.И. Бедный

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РАБОЧАЯ ПРОГРАММА

КОРПОРАТИВНЫЕ ФИНАНСЫ ДЛЯ АСПИРАНТОВ
(на английском языке)

Уровень образования: Высшее образование - подготовка кадров высшей квалификации

Нижний Новгород

2014

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1. LEARNING GOALS AND OBJECTIVES FOR THE COURSE

The objective of this course is to study the major decision-making areas of managerial finance and some selected topics in financial theory. The course reviews the theory and empirical evidence related to the investment and financing policies of the company and attempts to develop decision-making ability in these areas.

After studying this material students should be able to

- explain the advantages and disadvantages of the most common forms of business organization and determine which forms are most suitable to different types of businesses;
- calculate the future value to which money invested at a given interest rate will grow;
- describe the contents and uses of a financial plan;
- construct a simple financial planning model;
- interpret the information contained in the balance sheet, income statement, and statement of cash flows;
- calculate and interpret measures of a firm's leverage, liquidity, efficiency, and profitability;
- understand why the firm needs to invest in net working capital;
- measure float and explain why it arises and how it can be controlled;
- explain how firms can assess the probability that a customer will pay;
- find the market price of a bond given its yield to maturity, find a bond's yield given its price, and demonstrate why prices and yields vary inversely;
- understand the stock trading reports in the financial pages of the newspaper;
- estimate the opportunity cost of capital for an "average-risk" project;
- calculate the net present value of an investment;
- identify the cash flows properly attributable to a proposed new project;
- measure and interpret the market risk, or beta, of a security;
- calculate a firm's capital structure;
- calculate the weighted-average cost of capital;
- appreciate the practical problems of capital budgeting in large corporations;
- describe the major classes of securities issued by firms to raise capital;
- understand how firms make initial public offerings and the costs of such offerings;
- estimate the gains and costs of mergers to the acquiring firm.

2. PLACE OF THE COURSE IN THE STRUCTURE OF THE GENERAL EDUCATION PROGRAM

Corporate Finance course is included in the basic part of the professional cycle disciplines. This subject deepens knowledge gained previously in the field of economic theory, economics, finance, statistics, accounting, taxes and taxation. The course of Corporate Finance will be useful when studying Financial Management, Investment, Economic Analysis, etc.

3. REQUIREMENTS FOR THE LEARNING RESULTS OF THE COURSE. STUDENT'S COMPETENCES TO BE FORMED AS A RESULT OF THE LEARNING OF THE COURSE MATERIAL

In the framework of this course, the following competencies are formed:
General cultural competencies (GC):

- GC-1 the ability to develop one's general cultural and professional level and to master new research methods independently;
- GC-2 the ability to change the profile of one's professional activities;
- GC-3 the ability to independently acquire and use new knowledge and skills;
- GC-4 the ability to make organizational and managerial decisions and assess their consequences;
- GC-6 the skills of public business and scientific communication

And following professional competencies (PC):

organizational and managerial work

- PC-1 the ability to manage organizations, units, groups (teams) of employees, projects and networks
- PC-2 the ability to develop corporate strategy
- PC-3 the ability to use modern methods of corporate finance management to solve strategic problems
- PC-4 the ability to develop programs of organizational development and change and to ensure their implementation

analytical work

- PC-5 the ability to use quantitative and qualitative methods for research and business process management
- PC-6 the ability to use methods of economic analysis of the behavior of economic agents and markets in the global environment
- PC-7 the ability to use strategic analysis methods
- PC-8 the ability to prepare analytical materials for the management of business processes and for assessing their effectiveness

research work

- PC-9 the ability to summarize and critically evaluate the results obtained by domestic and foreign researchers, to identify and formulate relevant scientific problems
- PC-10 the ability to justify the relevance of theoretical and practical significance of the chosen research topic
- PC-11 the ability to conduct independent research in accordance with the program developed
- PC-12 the ability to present the results of research in the form of a research report, article or paper

4. THE STRUCTURE AND CONTENT OF THE COURSE

The overall workload of the course is 4 credits, 144 hours.

4.1. Structure of the course

Name of the course	Semester	Workload (hours)					Type of final certification	
		Total	Total classroom	Including classroom				Self-organized work
				Lectures	Lab./seminars	Practice		
Corporate Finance	1	144	144	36	36	0	72	Exam /test

4.2. Content of the course

CHAPTER 1.

1. The Company and the Financial Manager (4 hours).

The advantages and disadvantages of the most common forms of business organization. Forms are most suitable to different types of businesses. The major business functions and decisions that the company's financial managers are responsible for. The role of financial markets and institutions. Conflicts of interest in large organizations. The future value of the money. The present value of a future payment. Present and future values of streams of cash payments. The interest rate implied by the present or future value. The difference between real and nominal cash flows and between real and nominal interest rates.

2. Financial statement analysis (4 hours).

Company's leverage, liquidity, efficiency, and profitability. The Du Pont formula. The potential pitfalls of ratios based on accounting data. Some key measures of company performance such as market value added and economic value added. The information contained in the balance sheet, income statement, and statement of cash flows. Difference between market and book value. The essential features of the taxation of corporate and personal income.

3. Financial Planning (3 hours).

The contents and uses of a financial plan. Financial planning model. The effect of growth on the need for external financing.

CHAPTER 2.

1. Working capital management (3 hours).

Net working capital. Short-term financing requirements. Sources of short-term financing. The cost of bank loans.

2. Cash and inventory management (4 hours).

Cash flow. The value of changes in float. The costs and benefits of holding inventories. The costs and benefits of holding cash. Inventories and Cash Balances. Inventory management. Cash Management.

3. Credit Management and Collection (3 hours).

Accounts receivable and Credit policy. Terms of Sale. Credit Agreements. Credit Analysis. Collection Policy. Bankruptcy.

CHAPTER 3.

1. The Value of Bonds and Common Stocks (3 hours).

The bond's coupon rate, current yield, and yield to maturity. The market price of a bond. Why bonds exhibit interest rate risk. Why investors pay attention to bond ratings and demand a higher interest rate for bonds with low ratings. The stock trading reports. The present value of a stock. Forecasts of future dividends and future stock price. Price-earnings ratios. The major classes of securities issued by firms to raise capital.

2. Payout Policy and Capital Structure (3 hours).

The company's capital structure. The required rates of return on the securities issued by the company. The weighted-average cost of capital. Venture capital firms. Initial public offerings and the costs of such offerings.

3. Risk, Return and the Opportunity Cost of Capital (3 hours).

The opportunity cost of capital for an "average-risk" project. The standard deviation of returns for individual common stocks or for a stock portfolio. Diversification. The market risk. Beta. The rate of return that investors demand. The opportunity cost of capital for a project.

4. Net present value and other investment criteria (3 hours).

The net present value of an investment. The internal rate of return of a project. The net present value rule to analyze three common problems that involve competing projects: (a) when to postpone an investment expenditure, (b) how to choose between projects with equal lives, and (c) when to replace equipment. The profitability index and use it to choose between projects when funds are limited. The cash flows to a proposed new project. The cash flows of a project from standard financial statements. The changes in working capital affect project cash flows.

5. Capital Budgeting and Risk. Practical Problems in Capital Budgeting (3 hours).

The practical problems of capital budgeting in large corporations. Sensitivity, scenario, and break-even analysis to see how project profitability would be affected by an error in forecasts. The importance of managerial flexibility in capital budgeting.

5. EDUCATIONAL TECHNOLOGIES

In the teaching and learning of the course, educational technologies are used in the following forms: lectures, practical classes, seminars (problem-oriented, design-oriented, activity-oriented, discussions, trainings), extracurricular independent work, preparation of research papers and term papers. In the course of studies, the project method is used as well as information technology, testing, and the Internet. Lectures are accompanied with computer presentations. Special tests have been designed to monitor academic performance electronically. The tests serve for independent assessment of the students' level and for current and final academic performance rating.

6. METHODOLOGICAL SUPPORT FOR STUDENTS' SELF-ORGANIZED WORK. EVALUATION TOOLS FOR MONITORING STUDENTS' CURRENT PROGRESS AND FOR INTERIM ASSESSMENT BASED ON THE LEARNING OF THE COURSE MATERIAL

In the course of their independent (self-organized) work, students familiarize themselves with theoretical material from textbooks and monographs given in the list of recommended

literature, solve practical problems, prepare for seminars, write papers, essays, term papers, take electronic tests in the learning mode, answer self-test questions. Independent work can be done in the reading halls of the library or at home. Self-checks in the course of independent work may be in the form of electronic tests or credit tasks. At the end of studies, there is a regular test.

6.1. Topics for self-organized work

1. Finance and the Financial Manager.
2. The Objectives of the Company.
3. Corporate Governance.
4. Financial statement analysis.
5. Company's leverage, liquidity, efficiency, and profitability.
6. The Du Pont formula.
7. Financial Planning.
8. Working capital management.
9. Short-term planning.
10. Cash and inventory management.
11. Collection Policy.
12. Cash flow management.
13. The Value of Bonds.
14. The Value of Common Stocks.
15. The stock trading reports.
16. Risk, Return and the Opportunity Cost of Capital.
17. The market risk.
18. The opportunity cost of capital for a project.
19. Net present value and other investment criteria.
20. The internal rate of return of a project.
21. Capital Budgeting and Risk.
22. The practical problems of capital budgeting in large corporations.
23. Sensitivity, scenario, and break-even analysis.
24. Payout Policy.
25. The company's capital structure.
26. The weighted-average cost of capital.
27. Venture capital firms.
28. Initial public offerings and the costs of such offerings.

6.1 Evaluation tools for monitoring students' current progress

Course Requirements and Policies. Attendance is mandatory. Student can have a maximum of two unexcused absences. Each subsequent absence will result in a one point deduction from the final grade. A doctor's note or a documented family emergency are the only valid excuses for missing class.

Students are expected to come to class ready to discuss the assigned materials. Do not fall behind with the reading.

Participation. In-class discussion is an essential component of this course. I encourage you to voice your opinion, question (or defend) the established truths, propose alternative interpretations. Participation will constitute 20% of your final grade.

Academic Honesty. All work that you submit must be your own. Plagiarism and cheating will not be tolerated in any form. Note that, given the current technologies, plagiarism is easily detectable! I reserve the right to request: (1) an electronic version of your paper to be checked by anti-plagiarism software; (2) a detailed (and verifiable!) list of the sources that you have used for it. To avoid complications, (1) always acknowledge the source of the borrowed

information and ideas and (2) provide detailed references in your bibliography. If you are not sure how to quote and correctly incorporate someone else's ideas in your work, do not hesitate to consult with me.

Record Keeping. I suggest that you keep the graded assignments and retain copies of the materials that you turn in. This will be the evidence of your work and grade should there be a discrepancy in our records. "Lost papers" are your responsibility.

Make-up Examinations. Make-up tests will be given only in the case of illness (accompanied by a formal medical excuse).

Assignments and Grading. There will be three written exams in this class (15% of your final grade each), a 20-30 page research paper (30% of your grade), a 2-3 page paper proposal (5%). The exams will be non-cumulative; they will cover the material from the lectures, discussions, and assigned readings.

The research paper must investigate the topic. Your analysis should consist of three parts. First, you have to describe the current situation in the field of study in the companies in your country. Secondly, thoroughly discuss the factors that may facilitate situation. Finally, based on the above analysis, recommend specific and realistic reforms that companies need to implement to advance the situation. More specific instructions will be provided in class.

The paper is due on ... Late submissions will be penalized by half of a letter grade per day. A detailed paper proposal, constituting 5% of your grade, is due on November, 15. To be successful, most of research must be completed by that date. The proposal must (1) clearly elaborate research question; (2) summarize the thesis of the paper; (3) thoroughly outline the tentative structure of argument (i.e., the main points); and (4) provide a detailed list of preliminary bibliography.

Grading summary:

Exams 3*15 points	90-100% → 5 (excellent)
Research paper	30 points 80-89% → 4 (good)
Paper proposal	5 points 70-79% → 3
Attendance	-1point per unexcused >70% → fail
absence after 2 absences	
Participation20 points

6.2 Exam/Test questions

1. The Company and the Financial Manager.
2. The advantages and disadvantages of the most common forms of business organization.
3. The role of financial markets and institutions.
4. Conflicts of interest in large organizations.
5. The future value of the money.
6. The present value of a future payment.
7. The interest rate implied by the present or future value.
8. Company's leverage, liquidity, efficiency, and profitability.
9. The Du Pont formula.
10. Market value added.
11. Economic value added.
12. The information contained in the balance sheet, income statement, and statement of cash flows.
13. Market value and book value.
14. Financial Planning.
15. Working capital management.
16. Net working capital.
17. Short-term financing requirements.

18. The cost of bank loans.
19. Cash flow.
20. The costs and benefits of holding inventories.
21. The costs and benefits of holding cash.
22. Inventory management.
23. Cash Management.
24. Accounts receivable and Credit policy.
25. Credit Agreements.
26. Collection Policy.
27. Bankruptcy.
28. The bond's coupon rate, current yield, and yield to maturity.
29. The market price of a bond.
30. The present value of a stock.
31. Forecasts of future dividends and future stock price.
32. Price-earnings ratios.
33. The major classes of securities issued by companies to raise capital.
34. The company's capital structure.
35. The weighted-average cost of capital.
36. Venture capital firms.
37. Initial public offerings and the costs of such offerings.
38. The opportunity cost of capital for an "average-risk" project.
39. Diversification.
40. The market risk.
41. Beta.
42. The rate of return that investors demand.
43. The net present value of an investment.
44. The internal rate of return of a project.
45. The profitability index.
46. The practical problems of capital budgeting in large corporations.
47. Sensitivity, scenario, and break-even analysis.

6.3 Assessment criteria

5- "Excellent" – the student displays in-depth knowledge of the main material without any mistakes and errors, has acquired all the competences (parts of competences) relating to the given subject completely and at a high level, a stable system of competences has been formed;

4 - "Good" - the student has the knowledge of the main material with some noticeable mistakes and has acquired in general the competences (parts of competences) relating to the given subject);

3 - "Satisfactory" - the student has the knowledge of the minimum material required in the given subject, with a number of errors, can solve main problems, the competences (parts of competences) relating to the subject are at the minimum level required to achieve the main learning objectives;

2 - "Unsatisfactory" - the knowledge of the material is insufficient, additional training is required, the competences (parts of competences) relating to the subject are at a level that is insufficient to achieve the main learning objectives;

2 - "Poor" - lack of knowledge of the material, relevant competences have not been acquired.

The grades "excellent", "good", "satisfactory" are considered positive.

7. METHODOLOGICAL AND INFORMATION SUPPORT FOR THE COURSE

7.1 Main literature

1. Brealey R.A, Myers S.C., Marcus A.J. Fundamentals of Corporate Finance – 6th. ed. / McGraw-Hill Irwin, 2009. – 700 p. ISBN-10:0-07-338230-2
2. Hillier, D, Grinblatt M., Titman S. Financial markets and corporate strategy / European Edition, Mc Graw Hill, 2008. – 432 p.
3. Johnston D. Oil Company Financial Analysis in Nontechnical Language (Pennwell Nontechnical Series), 1992.- 300 p. ISBN-10: 0878143742
4. Stegmann J.P. Strategic Value Management: Stock Value Creation and the Management of the Firm / Wiley Finance, 2009. – 298 p. ISBN-10: 047046710X
5. Wahlen M., Baginski S.P., Bradshaw M. Financial Reporting, Financial Statement Analysis and Valuation: A Strategic Perspective / South-Western College Pub, 2010. - 1296 p. ISBN-10: 0324789416

7.2 Additional literature

1. Harner S. M. Japan's Financial Revolution and How American Firms Are Profiting / M E Sharpe Inc., 2000. – 326 p. ISBN-10: 0765605945
2. Ketchen D. Research Methodology in Strategy and Management, Volume 2 (Research Methodology in Strategy and Management) / Emerald Group Publishing Limited, 2005. – 300 p. - ISBN-10: 0762312084
3. Silvia J. Dynamic Economic Decision Making: Strategies for Financial Risk, Capital Markets, and Monetary Policy / Wiley Finance, 2000. – 381p. ISBN-10: 0470920513
4. Teall J., Hasan I. Quantitative Methods for Finance and Investments / Wiley-Blackwell, 2002. – 296 p. ISBN-10: 0631223398

7.3 Internet resources

1. www.businessweek.com
2. www.cfo.com
3. www.corporatefinancemag.com
4. www.euromoney.com
5. www.forbes.com
6. www.risk.net
7. www.bloomberg.com
8. [http:// finance.yahoo.com](http://finance.yahoo.com)
9. www.reuters.com
10. www.investorguide.com
11. www.annualreports.com

8. LOGISTICAL SUPPORT FOR THE COURSE

Lectures using multimedia technologies will be presented in classrooms _____ equipped with an overhead projector and a screen (UNN Building 2).

Author: PhD, Ass. Prof. Maria Ginzburg, Ass. Oksana Kashina

Head of the Department PhD, Prof. Nadezhda Yashina

The program is approved by the methodological commission
of the Faculty for International Students

Minutes of the meeting No. _____ dated _____

Chairman of the methodological commission of the Faculty for International Students