



## RTU Course "Corporate Finance"

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### General data

Code	IUF738
Course title	Corporate Finance
Course status in the programme	Compulsory/Courses of Limited Choice
Course level	Post-graduate Studies
Course type	Academic
Field of study	Business Management and Administration
Responsible instructor	Natalija Lāce
Academic staff	Tālis Laizāns
Volume of the course: parts and credits points	1 part, 6.0 Credit Points, 9.0 ECTS credits
Language of instruction	LV, EN
Annotation	<p>The course and training process is devoted to analysis of corporate financial decisions and decision process justification. During the semester short-term and long-term planning and management of financial flows will be reviewed, with particular emphasis on investment planning and the rationale for funding. An in-depth assessment of the use of financial instruments and its evaluation, cooperation with financial intermediaries in order to achieve effective application of financial instruments in financial management will be covered during the course.</p> <p>The course focuses on a topical issue as a reorganization of companies and an evaluation of related decisions taking into account the benefit-risk analysis. The course also addresses capital structure and dividend policy issues.</p> <p>This course will provide students with the knowledge and modern state of the art in corporate finance, use of various financial instruments in the financial management of the company and risk management, emphasizing trends in the global financial markets, as well as providing key skills, including practical skills in applying different financial management methods.</p>
Goals and objectives of the course in terms of competences and skills	<p>Students will develop the following competences by mastering the course:</p> <ul style="list-style-type: none"> <li>- the ability to analyze financial management scenarios;</li> <li>- the ability to apply financial theory;</li> <li>- understanding investment decisions using theoretical principles and evaluating business practices;</li> <li>- the ability to manage capital structure using financial management techniques;</li> <li>- understanding of modern financing instruments and their use in financing;</li> <li>- understanding of mergers and acquisitions (corporate reorganization).</li> </ul> <p>After completing the course, students must be able to:</p> <ul style="list-style-type: none"> <li>- to explain the role of companies/corporations in the economy and economic development;</li> <li>- analyze decisions of entrepreneurs and fac</li> </ul>
Structure and tasks of independent studies	Students will acquire theoretical concepts, knowledge and practical skills during classes and will perform individual assignments, exercises and tasks. Students should prepare for discussions and presentations in accordance with the set of topics provided and tasks assigned. Students shall tackle practical exercises that are displayed in a lecture and learning materials and students need to do individual financial projections and assignments according to ORTUS activity and assignment agenda.
Recommended literature	
Course prerequisites	Course is based on knowledge acquired in the bachelor's studies.

### Course outline

Theme	Hours
1. Firm financial management policy in the changing financial markets	0
1.1. Financial management and strategy. Firm's financial objectives.	1
1.2. Financial management and business life cycles.	1
1.3. Corporate governance and financial control as a specific function.	2
1.4. Agency conflicts and role of asymmetric information in the firm's decision making process.	2
2. Economic environment and financial management decisions	0
2.1. Economic environment in the age of digitalization (Industry 4.0).	1
2.2. Development of ITC and financial services market and financial instruments.	1
2.3. Regulation and supervision of financial services markets.	1
2.4. Tax framework and financial management decisions.	1
3. Cash flow and working capital management.	0
3.1. Cash flow analysis and management methods.	3
3.2. Free cash flow concept.	2
3.3. Cash flow related risks. Short-term and long-term cash flow.	4

3.4. Resource and working capital planning methods.	2
3.5. Firm liquidity management. Liquidity risks.	3
4. Investment projects and financial investment decisions	0
4.1. Investment projects, analysis and appraisal.	4
4.2. Investment project ratings and risk appraisal.	4
4.3. Financial investment strategy and decision making process.	2
4.4. Investments in financial instruments and investment funds.	2
4.5. Financial investments and risk management techniques.	2
5. Firm capital structure and finance sources	0
5.1. Business risks and financial risks.	1
5.2. Capital structure, leverage and optimal capital structure.	2
5.3. Weighted average cost of capital (WACC).	2
5.4. Financing strategy: cost of capital and firm value.	2
5.5. Sources of finance and planning decisions.	2
5.6. Financing strategy: bank loans and debt securities.	2
5.7. Financing strategy: initial public offering (IPO).	2
5.8. Financing strategy: venture capital.	2
5.9. Financing strategy: alternative financial instruments.	1
6. Dividends and dividend policy.	0
6.1. Forms of dividend and dividend process.	1
6.2. Factors affecting dividend payout.	2
6.3. Corporate dividend policy.	1
6.4. Valuation implications of dividends.	2
7. Firm valuation management strategy.	0
7.1. Factors affecting firm's value. Valuation techniques.	4
7.2. Valuation of shares and risk considerations. Illiquid stock markets.	2
7.3. Valuation of firm's debt and project portfolio.	2
7.4. Firm long-term value strategy and risk factors.	2
7.5. Valuation of financial assets and other assets.	2
8. Mergers & Acquisitions (M&A). Restructuring.	0
8.1. M&A methods and strategy.	2
8.2. Factors affecting M&A. Risk appraisal.	3
8.3. Financing and regulation of M&A.	3
8.4. Appraisal of M&A results.	2
9. Financial risk management	0
9.1. Operational risk.	2
9.2. Market risk	0
9.2.1. Currency (FOREX) risk.	2
9.2.1. Currency (FOREX) risk.	2
9.2.3. Securities risk.	2
9.2.4. Commodities risk.	2
9.3. Liquidity risk and asset-liabilities management risks.	2
9.4. Credit risk and credit risk management.	2

### **Learning outcomes and assessment**

Learning outcomes	Assessment methods
Student is capable to calculate value of the company and analyze different factors affecting the value.	Case study analysis and assignment, 10% of total grade
Student is capable to evaluate corporate dividend's policy and is capable to calculate dividends.	Case study analysis and assignment, 5% of total grade
Student is capable to evaluate results of corporate reorganization, and state the reorganization effect on the corporate value. Student is capable to analyze decision making process of reorganization.	Case study analysis and assignment, 10% of total grade
Student is capable to analyze and identify benefits and risks of venture capital, is capable to calculate equity value prior and after venture capital deal.	Case study analysis and assignment, 5% of total grade
Student is capable to evaluate and compare investment projects in order to make investment decision.	Case study analysis and assignment, 10% of total grade
Student is capable to analyze capital structure of corporation assuming factors affecting capital structure.	Case study analysis and assignment, 10% of total grade
Exam	50% of total grade

### **Study subject structure**

Part	CP	Hours per Week			Tests		
		Lectures	Practical	Lab.	Test	Exam	Work
1.	6.0	3.0	3.0	0.0		*	