



Topics for final exam¹

Finance and Accounting BA

1.1. Analysis and controlling

1. Controlling
 - a. The key management functions, with an emphasis on controlling
 - b. Importance of performance reporting within a company
 - c. Tools for performance reporting in profit centers and investment centers
2. Auditing
 - a. The key steps of auditing, risk assessment and components of the audit risk
 - b. The types of audit procedures
 - c. The auditor's report and its types. The impact of the going concern assessment on the opinion
3. The system of financial reporting
 - a. The key financial statements and their objectives within the financial reporting framework
 - b. The structure of the financial statements
 - c. The objective of auditing and its usefulness
4. Analysing financial statements
 - a. The key tools of analysing financial statements and their limitations
 - b. Evaluating management performance
 - c. Examining the financial strength

1.2. Corporate Finance II.

1. General parameters of weighted average cost of capital
 - a. CAPM equation, estimation of risk-free rate, consistency
 - b. Estimation of base premium for mature equity market
 - c. Estimation of country risk premium
2. Specific parameters of weighted average cost of capital
 - a. Estimation of fundamental („bottom-up”) beta
 - b. Estimation of synthetic rating and debt risk premium
 - c. Question of tax rates, weighting of costs of equity and debt
3. Derivation of free cash flow to firm
 - a. Structure of FCFF derivation, content of each line
 - b. Content of invested capital (IC), return on capital (ROC), reinvestment rate (RR)
 - c. Sales-driven approach, composition of ROC (operating margin, sales/capital ratio)

¹ Refers to 2022/23 teaching year. Final exam covers 3 subjects. Each subject is divided into 4 main topics and 3 subtopics. Students get 2 topics from committee members at the final examination.

4. Calculation of terminal value and equity value per share
 - a. Formula and present value of terminal value, special cases ($ROC = WACC$, $RR = 0$)
 - b. Determination of stable growth rate (g), ROC , and RR
 - c. From value of operating assets to equity value per share

1.3. Accounting management

1. Role of management accounting in decisions making
 - a. Financial accounting versus management accounting
 - b. Cost concepts: direct and indirect costs, fixed and variable costs, period and product costs, avoidable and unavoidable costs, sunk costs
 - c. Manufacturing accounts
2. Introduction to costing
 - a. Concept of relevant costing
 - b. Short term decision making
 - c. Methods of budgeting
3. Cost accounting systems
 - a. Marginal and absorption costing
 - b. Arguments supporting variable and absorption costing
 - c. Reconciliation between variable and absorption costing
4. Cost accounting
 - a. Accounting for direct (accounting treatment of various labour cost items, materials recording procedure, issues relating to accounting for materials) and indirect costs
 - b. Assignment of direct and indirect costs
 - c. Plant-wide overhead rates, budgeted overhead rates, under and over recovery of o/h