

1FU555 International Week: Accounting & Auditing

Course theme: *Obtaining Capital through Capital Markets: Economic Principles, Analytical Tools and Regulatory Issues*

Guest lecturer: **Dr Jacek Welc** (Wrocław University of Economics & SRH University Berlin)

Course aim: *Obtaining a broad knowledge about: fundamental principles of designing corporate capital structure (equity vs. debt), financial reporting and financial analysis of publicly listed companies, regulation and supervision of corporate reporting on capital markets*

Teaching form: *Lecture and workshop (including multiple real-life case studies)*

COURSE CONTENT:

Part 1: SOURCES OF CORPORATE CAPITAL (Four teaching hours)

- 1) Two primary sources of funding corporate assets and operations: equity vs. debt.
- 2) Funding businesses through liabilities: private debt (bank loans, leases and operating payables) and public debt (corporate bonds).
- 3) Funding businesses through equity: private equity funds and public equity issues (including crowdfunding).
- 4) Mixed and other forms of corporate funds (including convertible debt and public grants).

Part 2: MAKING CAPITAL STRUCTURE DECISIONS (Six teaching hours)

- 1) Advantages and disadvantages of two sources of capital (debt and equity).
- 2) Risk / Return tradeoff in capital structure decisions (i.e. impact of debt and equity on investment return to shareholders).
- 3) Principles of designing target capital structure (including evaluation of company's exposure to operating business risks).

Part 3: COMPREHENSIVE REAL-LIFE CASE STUDY: FINANCIAL RESULTS, CAPITAL STRUCTURE AND INVESTMENT RISKS OF LUFTHANSA GROUP (Six teaching hours)

- 1) Preliminary analysis of Lufthansa Group's business risks and financial results.
- 2) Evaluation of Lufthansa Group's financial standing by retrospective ratio analysis.
- 3) Evaluation of Lufthansa's operating and financial risks by prospective analysis.
- 4) Conclusions about Lufthansa's economic performance, capital structure and investment risks.

Part 4: MAKING COMPANY PUBLIC: REGULATORY REQUIREMENTS AND REPORTING TO INVESTORS (Eight teaching hours)

- 1) Regulatory requirements regarding companies listed on stock exchanges.
- 2) Types and content of reports published by public companies.
- 3) Selected problems of reliability of financial statements published by public companies.

Dr. JACEK WELC

Wrocław University of Economics & SRH University Berlin



PROFESSIONAL CAREER:

- in 2003–2007 independent consultant in areas of corporate valuation, management accounting and financial accounting
- in 2007–2009 Head of Corporate Finance Department at Dexus Partners Sp. z o.o., and then Member of the Managing Board at PKF Grupa Konsultingowa Sp. z o.o.
- currently President of the Board at WNP Ekspert Sp. z o.o. and academic lecturer and researcher at Wrocław University of Economics (Poland) and SRH University of Applied Sciences Berlin (Germany)

OTHER FUNCTIONS:

- former member of the supervisory boards at Polcolorit S.A., Polskie Jadlo S.A., Pacific S.A.
- current member of the supervisory board at Mediacap S.A.

MAJOR CONSULTING PROJECTS:

- fair-value valuations of IT projects: Allegro, Payback, PayU, Otodom.pl, Otodom.pl, Aukro.pl
- fair-value valuations of brands: SuperGlue, Jutrzenka, Grzeński, Goplana, Hellena, Ziolopec, Appetita, Bomi, Rabat Pomorze, Rast, GoldenEgg, CSV, Tolak, Zyguła, Dalpo, Concept, Teleskop, Kross, Grand, Destylacje Polskie, Solidarność, Hester, Igopak, PKS Gdańsk-Oliwa, Martech
- fair-value valuations of companies: more than 25 firms
- investment valuations of "start-up" business projects (for private-equity funds): ACQ Płatności Mobilne, Centrum Badań DNA, Coffee Venture, Contel24, Dragonfly, MPictures, EkoBilet, Estom, Genetyka Osobista, GetYID, BioGel, iKantor.pl, PozLab, Extend, MedGo, Melon, MS Media, NetMessenger, SmooPay, Synthex
- assets' impairment tests: Eko-Holding S.A., Bomi S.A., Jutrzenka S.A., Iglotex S.A., Tauron Ekoenergia S.A., Seco/Warwick S.A.
- strategic analyses and financial forecasts: Sunset Suits S.A., LUG S.A., Bazalt S.A., Centrozłom Wrocław S.A., Shark s.j., Rema S.A., PPZ Trzemeszno

MAJOR PUBLICATIONS:

- Welc, J., Rodriguez Esquerdo P. J.: "Applied Regression Analysis for Business. Tools, Traps and Applications". Springer International, Heidelberg, 2018.
- Welc, J.: Empirical Safety Thresholds for Liquidity and Indebtedness Ratios on the Polish Capital Market. European Financial and Accounting Journal, Vol. 11, No. 3, 2016.
- Welc, J.: EBITDA vs. Cash Flows in Bankruptcy Prediction on the Polish Capital Market. European Financial and Accounting Journal, Vol. 12, No. 2, 2017.