

MSc Finance - International Applicant Entrance Exam information, September 2022

Type of the exam	Written
Name of the exam	Finance Master
Duration of the exam	30 minutes
Method of the exam	Online
Short description of the exam	Multichoice test from basics Corporate Finance
Materials that can be used during the exam	Open book
Recommended reading materials	Richard Brealey and Stewart Myers and Franklin Allen: Principles of Corporate Finance, McGraw Hill
Topics	1. Pricing of financial assets, company and capital market, real and financial assets of the company, factors determining their value. 2. Pricing of various cash flows; interest rate, rate of return calculation - discounting; present value, future value determination; valuation of regular cash flows; discount factor - annuity factor; present value of series of cash flows; net present value; factors determining the level of interest rates; real interest rate - nominal interest rate; yields - yield curve basic concepts. 3. Annuities, perpetuities 4. Bond pricing (fixed income) 5. Basic, equity valuation, pricing, P/E ratio, DDM model, Expected return and risk of investments and securities (return spread); 6. Portfolio return and risk, diversification, efficient portfolios, optimal portfolio; assumptions and statements of CAPM model, Beta calculation; 7. Basics of derivative products (futures, forwards, and options); 8. Fundamentals of corporate financial decisions; purpose, operation, financial objectives and instruments of the company; Basic of capital budgeting and investment decisions; cash flow of investments (projects); Project evaluation criteria (payback period, discounted payback period, NPV, internal rate of return); 9. Cost of capital calculation, Debt policy; 10. Dividend policy
Sample questions	<p>When there are no taxes and capital markets function well, the market value of a company does not depend on its capital structure. How do we call this proposition? a. Miller Modigliani (MM) proposition I. b. Miller Modigliani (MM) proposition II. c. Miller Modigliani (MM) irrelevance dividend policy I. d. Miller Modigliani (MM) credit irrelevance proposition II.</p> <p>2. Based on the CAPM how much is the beta of the market portfolio? a. 0 b. 1 c. 0.5 d. -1</p>

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Type of the exam	Oral
Name of the exam	Finance
Duration of the exam	15-20 minutes
Method of the exam	Online
Short description of the exam	The applicants receives two-three questions concerning the topics of basic corporate finance and related financial markets. The members of the selection committee will then ask further questions based on what the applicant answered. These questions can be related not only to the designated corporate finance topics but also to practice. In the second part of the discussion, questions assessing the motivation of the applicant follow. What successes have you achieved so far (any dissertation, internship, part-time study abroad, etc.)? Why is it important for him to get a degree in finance? What are the financial issues that interest you, either personally or as a result of your work?
Materials that can be used during the exam	-
Recommended reading materials	Richard Brealey and Stewart Myers and Franklin Allen: Principles of Corporate Finance, McGraw Hill
Topics	Basic financial mathematics (present value, rate of return, IRR calculations), Valuing bonds, Value of common stock, Net Present Value and other investment criteria, Making investment decisions with the Net Present Value rule, Dividend Discount Model, Introduction to risk and return, Portfolio theory, Functioning of derivative markets (Forwards, futures, and basics of option market), Capital budgeting, Financing decisions and market efficiency, Payout policy and capital structure
Sample questions	What is beta in CAPM? How do you price a bond? What is IRR of an investment?