Record Nr. UNINA9910556898803321
 Autore Brusov P. N (Petr Nikitovich)

Titolo Generalized Modigliani-Miller theory: applications in corporate finance,

investments, taxation and ratings / / Peter Brusov, Tatiana Filatova, and

Natali Orekhova

Pubbl/distr/stampa Cham, Switzerland:,: Springer International Publishing,, [2022]

©2022

ISBN 3-030-93893-X

Descrizione fisica 1 online resource (371 pages)

Collana Contributions to Finance and Accounting

Disciplina 658.15

Soggetti Corporations - Finance

Investments - Mathematical models

Lingua di pubblicazione Inglese

Formato Materiale a stampa

Livello bibliografico Monografia

Nota di contenuto Intro -- Preface -- Contents -- About the Authors -- Chapter 1:

Introduction -- References -- Part I: Modigliani-Miller Theory in Corporate Finance -- Chapter 2: Capital Structure: Modigliani-Miller Theory -- 2.1 Introduction -- 2.2 The Traditional Approach -- 2.3 Modigliani-Miller Theory -- 2.3.1 Modigliani-Miller Theory Without Taxes -- 2.3.2 Modigliani-Miller Theory with Taxes -- 2.3.3 Main Assumptions of Modigliani-Miller Theory -- 2.3.4 Modifications of Modigliani-Miller Theory -- References -- Chapter 3: Modern Theory of Capital Cost and Capital Structure: Brusov-Filatova-Orekhova Theory (BFO Theory) -- 3.1 Companies of Arbitrary Age and Companies with Arbitrary Lifetime: Brusov-Filatova-Orekhova Equation -- 3.2 Comparison of Modigliani-Miller Results (Perpetuity Company) with Myers Results (1-Year Company) and Brusov-Filatova-Orekh... -- 3.3 Brusov-Filatova-Orekhova Theorem -- 3.4 From Modigliani-Miller to General Theory of Capital Cost and Capital Structure -- 3.5 BFO Theory in the Case, When the Company Ceased to Exist at the Time Moment n (BFO-2 Theory) -- 3.5.1 Application of Formula BFO-2 -- 3.5.2

Comparison of Results Obtained from Formulas BFO-2 -- 3.5.2

Conclusions -- References -- Chapter 4: Optimal Capital Structure of the Company: Its Absence in Modigliani-Miller Theory with Risky Debt

Capital -- 4.1 Optimal Capital Structure of the Company -- 4.2

Absence of the Optimal Capital Structure in Modified Modigliani-Miller Theory (MMM Theory) -- 4.3 Conclusion -- References -- Chapter 5: The Equity Cost in the Modigliani-Miller Theory -- 5.1 Introduction -- References -- Chapter 6: The Role of Taxing and Leverage in Evaluation of Capital Cost and Capitalization of the Company -- 6.1 The Role of Taxes in Modigliani-Miller Theory -- References -- Chapter 7: Inflation in Modigliani-Miller Theory.

7.1 Accounting of Inflation in Modigliani-Miller Theory without Taxes -- 7.1.1 Second Original MM Statement -- 7.1.2 Second Modified MM-BFO Statement -- 7.2 Accounting of Inflation in Modigliani-Miller Theory with Corporate Taxes -- 7.2.1 Fourth Original MM Statement --7.2.2 Fourth Modified MM-BFO Statement -- 7.3 Irregular Inflation --7.4 Inflation Rate for a Few Periods -- 7.5 Conclusions -- References -- Chapter 8: Modification of the Modigliani-Miller Theory for the Case of Advance Tax on Profit Payments -- 8.1 Introduction -- 8.2 Modified Modigliani-Miller Theory in Case of Advance Tax Payments -- 8.2.1 Tax Shield in Case of Advance Tax Payments -- 8.2.2 Capitalization of the Company -- 8.2.3 Equity Cost -- 8.3 The Dependence of the Weighted Average Cost of Capital, WACC, on Leverage Level in "Classical" Modigliani-Miller Theory ... -- 8.4 Conclusions --References -- Chapter 9: The Modigliani-Miller Theory with Arbitrary Frequency of Payment of Tax on Profit -- 9.1 Introduction -- 9.1.1 Literature Review -- 9.2 Focus and Objective of the Chapter -- 9.3 Modification of the Modigliani-Miller Theory for the Case of Arbitrary Frequency of Payments of Tax on Profit -- 9.3.1 Tax Shield -- 9.3.2 The Weighted Average Cost of Capital, WACC -- 9.3.3 Company Value, V -- 9.3.4 Equity Cost, ke -- 9.4 Dependence of the Weighted Average Cost of Capital, WACC, on Leverage Level L -- 9.4.1 Dependence of the Weighted Average Cost of Capital, WACC, on Leverage Level L at Different p and Fixed kd -- 9.5 Dependence of the Weighted Average Cost of Capital, WACC, on Leverage Level L at Different kd and Fixed p -- 9.6 Dependence of the Company Capitalization, V, on Leverage Level L -- 9.6.1 Dependence of the Company Capitalization, V. on Leverage Level L at Different p and Fixed kd.

9.6.2 Dependence of the Company Capitalization, V, on Leverage Level L at Different kd and Fixed p -- 9.7 Dependence of the Equity Cost, ke. on Leverage Level L -- 9.7.1 Dependence of the Equity Cost, ke, on Leverage Level L at Different p and Fixed kd = 0.16 -- 9.7.2 Dependence of the Equity Cost, ke, on Leverage Level L at Different kd and Fixed p = 2 -- 9.8 Conclusions -- References -- Chapter 10: How Frequently Should Companies Pay Tax on Profit -- 10.1 Introduction --10.2 Literature Review -- 10.3 Focus and Objective of the Chapter --10.4 Modification of the Modigliani-Miller Theory for the Case of Arbitrary Frequency of Advanced Payments of Tax on Profit -- 10.4.1 Tax Shield -- 10.4.2 The Weighted Average Cost of Capital, WACC --10.4.3 Company Value, V -- 10.4.4 Equity Cost -- 10.5 Dependence of the Weighted Average Cost of Capital, WACC, on Leverage Level L --10.5.1 Dependence of the Weighted Average Cost of Capital, WACC, on Leverage Level L at Different p and Fixed kd -- 10.5.2 Dependence of the Weighted Average Cost of Capital, WACC, and of Company Value, V, on Debt Cost Value kd at Fixed Value... -- 10.6 Dependence of the Company Capitalization, V, on Leverage Level L -- 10.6.1 Dependence of the Company Capitalization, V, on Leverage Level L at Different p and Fixed kd -- 10.7 Dependence of the Equity Cost, ke, on Leverage Level L -- 10.8 Dependence of the Equity Cost, ke, and the Weighted Average Cost of Capital, WACC, on Tax on Profit Value t -- 10.9 Discussions -- 10.10 Conclusions -- References -- Chapter 11: Generalization of the Modigliani-Miller Theory for the Case of Variable

Profit -- 11.1 Introduction -- 11.1.1 The Traditional Approach -- 11.1.2 Modigliani-Miller Theory Without Taxes -- 11.2 Some Modifications of Modigliani-Miller Theory -- 11.2.1 Modigliani-Miller Theory with Taxes. 11.2.1.1 Weighted Average Cost of Capital, WACC -- 11.2.1.2 Equ

11.2.1.1 Weighted Average Cost of Capital, WACC -- 11.2.1.2 Equity Cost -- 11.2.2 Taking into Account Market Risk: Hamada Model --11.2.3 The Account of Corporate and Individual Taxes (Miller Model) --11.2.4 Brusov-Filatova-Orekhova (BFO) Theory -- 11.2.5 The General WACC Formula -- 11.2.6 Trade-Off Theory -- 11.3 Generalization of the Modigliani-Miller Theory for the Case of Variable Profit -- 11.3.1 Modigliani-Miller Theory Without Taxes -- 11.3.1.1 Company Value, V -- 11.3.1.2 The Weighted Average Cost of Capital, WACC -- 11.3.1.3 Equity Cost, ke -- 11.3.2 Modigliani-Miller Theory with Taxes --11.3.2.1 The Weighted Average Cost of Capital, WACC -- 11.3.2.2 The Company Value, V -- 11.3.2.3 Equity Cost, ke -- 11.4 Results and Discussions -- 11.4.1 Dependence of WACC on Leverage Level L in Generalized Modigliani-Miller Theory (GMM Theory) at k0 = 0.2 and Different V... -- 11.4.2 Dependence of the Weighted Average Cost of Capital WACC on Leverage Level L in Generalized Modigliani-Miller Theory (GM... -- 11.4.3 Dependence of Discount Rate i on Leverage Level L in Generalized Modigliani-Miller Theory (GMM Theory) at k0 = 0.2 and ... -- 11.4.4 Dependence of Discount Rate i on Leverage Level L in Generalized Modigliani-Miller Theory (GMM Theory) at k0 = 0.3 and ... -- 11.4.5 Dependence of Company Value V on Leverage Level L in Generalized Modigliani-Miller Theory (GMM Theory) at k0 = 0.2 and ... -- 11.4.6 Dependence of Company Value V on Leverage Level L in Generalized Modigliani-Miller Theory (GMM Theory) at k0 = 0.3 and ... -- 11.4.7 Dependence of Equity Cost ke on Leverage Level L in Generalized Modigliani-Miller Theory (GMM Theory) at k0 = 0.2 and D... -- 11.4.8 Dependence of Equity Cost ke on Leverage Level L in Generalized Modigliani-Miller Theory (GMM Theory) at k0 = 0.3 and D... -- 11.5 Conclusions -- References.

Part II: Applications of the Modigliani-Miller Theory in Investments --Chapter 12: Investment Models with Debt Repayment at the End of the Project and their Application -- 12.1 Investment Models -- 12.2 The Effectiveness of the Investment Project from the Perspective of the Equity Holders Only -- 12.2.1 With the Division of Credit and Investment Flows -- 12.3 Without Flows Separation -- 12.4 Modigliani-Miller Limit (Perpetuity Projects) -- 12.4.1 With Flows Separation --12.4.2 Without Flows Separation -- 12.5 The Effectiveness of the Investment Project from the Perspective of the Owners of Equity and Debt -- 12.5.1 With Flows Separation -- 12.5.2 Without Flows Separation -- 12.6 Modigliani-Miller Limit -- 12.6.1 With Flows Separation -- 12.6.2 Without Flows Separation -- References --Chapter 13: Investment Models with Uniform Debt Repayment and Their Application -- 13.1 Investment Models with Uniform Debt Repayment -- 13.2 The Effectiveness of the Investment Project from the Perspective of the Equity Holders Only -- 13.2.1 With the Division of Credit and Investment Flows -- 13.2.2 Without Flows Separation --13.3 The Effectiveness of the Investment Project from the Perspective of the Owners of Equity and Debt -- 13.3.1 With Flows Separation --13.3.2 Without Flows Separation -- 13.4 Example of the Application of the Derived Formulas -- 13.5 Conclusions -- References -- Chapter 14: Innovative Investment Models with Debt Repayment at the End of the Project -- 14.1 Introduction -- 14.1.1 The Literature Review --14.2 Modern Investment Models -- 14.2.1 The Effectiveness of the Investment Project from the Perspective of the Equity Holders Only --14.2.2 Without Flows Separation -- 14.3 The Effectiveness of the

Investment Project from the Perspective of the Owners of Equity and Debt -- 14.3.1 With Flows Separation -- 14.3.2 Without Flows Separation. 14.4 Discount Rates.