

## COURSE DESCRIPTION AND OUTLINE

<b>Course Information</b>	
<b>Name</b>	Corporate Finance
<b>Degree</b>	MBA
<b>Year is taught</b>	First year
<b>Semester</b>	First and Second
<b>ECTS credits</b>	3
<b>Type of course</b>	Basic
<b>Department</b>	Accounting and Finance
<b>Area</b>	Finance
<b>Language</b>	Spanish and English

<b>Teachers information</b>	
<b>Professor</b>	
<b>Name</b>	María Luisa Garayalde Niño
<b>e-mail</b>	<a href="mailto:mlgarayalde@telefonica.net">mlgarayalde@telefonica.net</a>
<b>Phone</b>	
<b>Office hours</b>	Always available through e-mail.
<b>Name</b>	
<b>e-mail</b>	
<b>Office hours</b>	

## COURSE SPECIFICS

<b>Context of the course</b>
<p>Contribution to the professional profile of the MBA</p> <p>This is the first finance course within the MBA, and therefore it should provide students with a general and practical overview of this area.</p> <p>For those students that will choose the financial itinerary, it will be an introduction that prepares them for a more in-depth analysis of different financial topics through the optional financial courses.</p> <p>For those students pursuing other itineraries, it must provide a basic but solid knowledge of the key ideas on Financial Management.</p>

## Goals

7. To learn the building blocks needed to understand the key ideas behind the theory of corporate finance.
8. To apply these ideas and use them when solving case studies.
9. To understand the relationship between risk and return.
10. To be able to choose between different alternatives both for investment and for financing decisions. Ser capaz de tomar decisiones tanto de inversión como de financiación.
11. To learn how to perform a company valuation
12. To be able to apply the principle of shareholder value creation when analyzing any corporate decision.

## CONTENTS AND MODULES

### Contents

#### I. INTRODUCTION:

#### II. MODULE 1: Capital Budgeting and Cost of Capital

##### 1: Capital Budgeting techniques

##### 2: Cost of Capital; CAPM; WACC

#### III. MODULE 2: Financial Decisions

##### 1: Leverage and Capital Structure

##### 2: Dividend Policy

#### IV. MODULE 3: Business Analysis and Valuation

##### 1: Business Analysis through the use of Ratios

##### 2: Company Valuation Methods

##### 3: General considerations on Mergers and Acquisitions

### Competences

#### Generic competences

**CG 1. Being able to analyze and synthesize acquired knowledge applying it to real life business situations and management problems.**

**RA 1. The student can describe, interpret and make connections between theory and practice.**

**RA 2. He is able to extract and interpret the most relevant factors of a problem, knowing how they relate to different contexts.**

**RA 3. He identifies the missing pieces of information and how relevant it is, being able to establish a relationship with other elements external to the proposed situation.**

**CG 2. The student is capable of managing information and data obtaining the key elements for decision making in the process of identifying, formulating and solving business problems.**

**RA 1. He knows, uses and prioritizes different sources of information about the topic at hand (market information, spreading of information, web pages, specialized journals, research reports and others)**

**RA 2. He can distinguish the merits of each source of information in terms of its use.**

**CG 3. Problem solving and decision making both from a strategic and operating perspective within a corporate organization, taking into account the interaction between different business and support units.**

**RA 1. He is able to make autonomous decisions, choosing among specific alternatives.**

**RA 2. He can recognize and is capable of looking for different options when solving theoretical questions and practical problems.**

**RA 3. He can analyze, make decisions and solve case studies based on real life business situations.**

**CG 4. The student is able to apply concepts and theories to corporate organizations to uncover new business opportunities and create lasting competitive advantages. RA 1. He can think outside the box and come up with new ways to use acquired knowledge to problem solving.**

**RA 2. He is open to new ideas and is able to implement them when applying known theory to the case studies.**

**CG 5. Interpersonal skills to listen, discuss and persuade when working cooperatively in a multidisciplinary team so he can take effectively different roles, including, if needed, a leadership position within the corporation.**

**RA 1. He can communicate what the current situation entails, and the implications of any decision done in the accounting or financial areas.**

**RA 2. He is able to communicate clearly and precisely depending on his targeted audience, the information to be conveyed and the material means to do it. RA 3. The student is expected to actively take part on team projects, sharing knowledge, ideas and experiences.**

**RA 4. He should be oriented to reach agreements and achieve common goals RA 5. He participates in the structure and application of working processes for the whole team.**

**RA 6. He has the skills to facilitate useful and productive meetings.**

**CG 6. Ethical commitment to act according to moral values and organizational principles when facing ethical dilemmas and social corporate responsibility issues.**

**RA 1. He is able to reflect and come up with the limits expected of an ethical behavior in line with personal and professional values within a certain cultural environment when facing the real life application of this course contents.**

**RA 2. He can identify in problems and case studies the professional behavior that consistent with ethical values.**

**RA 3. He is honest when dealing with his academic work, and does not stay passive in front of other people's dishonesty.**

#### **Specific Competences related to this course**

**CE 10. The student knows and understands asset valuation techniques, capital budgeting tools, is able to differentiate among several sources of funds. He can design and implement financial strategies when managing a business.**

**RA 1. He is familiar with different capital budgeting techniques, and is able to choose and apply the most convenient one when facing real life decision making problems.**

**RA 2. He knows the inputs needed for company valuation (free cash-flow, cost of capital) and the different valuation methods, being able to choose the most appropriate one for a given situation. He is confident with the practical use of discounted cash-flow methods and multiples valuation.**

**RA 3. He knows the existing theories on value creation through financial leverage: Modigliani and Miller, trade-off theory, pecking order theory and organizational theory.**

**RA 4. He knows the existing theories on value creation through dividend policy: Modigliani and Miller and other dividend policy approaches. He understands what variables need to be taken into account when defining a dividend policy.**

**RA 5. He understands the basics of Merger and Acquisitions deals, the reasons behind these transactions, the steps to carry them out and the factors that can make them fail.**

**RA 6. He knows how all business areas relate to each other trying to achieve the overall goal of value creation within the company.**

## TEACHING METHODOLOGY

General methodological aspects	
This course is mainly taught through the practice of finance. Since some of the concepts and ideas may be new, and sometimes not easy to grasp, there will be some time devoted to theoretical teaching sessions, but the emphasis will be on the practical use of those ideas. This will be achieved with the case study methodology. there key ideas will be extracted and theoretical conclusions will be reached. Students are expected to read and prepare the case studies and assigned materials prior to the class. Active student participation is of paramount importance	
Classroom methodology: Activities	Competences
<b>Case study discussion and analysis, both individually and as a team</b> <b>Teaching sessions and lectures</b> <b>Debates</b>	<b>CG1, CG3, CG4, CG6, CE10</b>
Out of classroom methodology: Activities	Competences
<b>Individual study and organised reading</b> <b>Collaborative learning</b> <b>Solving case studies, individually and within a team</b>	<b>CG1, CG2, CG4, CG5</b>

## EVALUATION AND GRADING CRITERIA

Evaluation activities	Grading criteria	Weight
Individual exam at the end of the term	>5	50%
Active class participation		10%
Case study discussions, problem solving		30%
Public presentation		10%

The student must have a minimum mark of 5.00 (“C”, pass) in the final exam in order to apply these percentages. If the grade is below 5.00, the student will fail the whole course.

Class attendance and participation is mandatory, and the student who fails to do so may be excluded from the final exam.

For students with a school exemption the final exam will weight 100% of the grade

If the student fails the course, the final grade will be that of the new exam the student will need to pass.

SUMMARY OF THE STUDENT'S WORKING HOURS *			
CLASSROOM ACTIVITIES			
Lectures	Problem solving and case study discussion	Academically directed activities	Evaluation
8	16	4	2
OUT OF CLASSROOM ACTIVITIES			
Autonomous work and theoretical concepts	Autonomous work on cases and problems	Team work	Personal study
8	15	14	8
ECTS CREDITS:			3

## REFERENCES:

Basic references:
<b>Textbooks</b>
<ul style="list-style-type: none"> <li>- Ross, S. Westerfield, R. Jafe, J. and Jordan, B. (2017) <i>Corporate Finance. Core principles and applications</i> (Fifth Edition). McGrawHill.</li> <li>- Brealey, Richard; Myers, Stewart y Allen, Franklin (2010): <i>Principios de Finanzas Corporativas</i>, 9ª edición. Ed. Mc Graw-Hill.</li> <li>- Brealey, Richard; Myers, Stewart and Allen, Franklin (2011): <i>Principles of Corporate Finance</i>, Concise Edition, Second Edition. Ed. McGraw-Hill International.</li> <li>- Pablo Fernández (2005), <i>Guía rápida de valoración de empresas</i>, Ediciones Gestión 2000.</li> <li>- Aswath Damodaran (2002), <i>Investment Valuation</i>, John Wiley &amp; Son.</li> <li>- Tom Koller, Marc Goedhart, David Wessels: <i>Valuation: Measuring and Managing the Value of Companies</i>, University Edition (Wiley Finance). Sixth Edition (2015)</li> </ul>
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<b>Phone</b>	
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