

COURSE DESCRIPTION AND OUTLINE

Subject Information	
Name	CORPORATE FINANCE
Degree	Degree in Business Analytics, and Law (E-3 Analytics), and Business Analytics and Business Administration (ADE Analytics)
Year	3º
Semester	1st & 2nd
ECTS Credits	6
Type	Core
Department	Financial Management
Area	FINANCE
Time	To be announced through the web page
Professors	Carlos Bellón
Description	Identification and in-depth study of the analytical tools suited to each financial reality. Study of Mergers & Acquisitions. Relationship between the different areas of finance in order to create value. Application of analytical software and statistical inference techniques to the relevant financial data in order to understand trends, threats and value creation opportunities and to forecast the future evolution of a business.

Teacher information	
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Area	Finance
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DETAILED COURSE INFORMATION

The course in context
Contribution to employability
<p><i>Corporate Finance</i> is a semester-long core subject. Taught on the third year of the Business Analytics degree.</p> <p>Together with <i>Introduction to Finance</i> they constitute the basis for all the other core and optional courses in the finance concentration.</p> <p>Familiarity with the concepts and methodologies introduced in <i>Corporate Finance</i> is required of any student of Business Analytics, regardless of her future concentration. This knowledge will be important in her future professional endeavors, whether these take place in the financial sector or elsewhere, including public administration or NGOs.</p>
Pre-requisites
<p>To attend <i>Corporate Finance</i> students must have coursed the following subjects (or have similar level of knowledge):</p> <p><i>Introduction to Finance, Introduction to Accounting, Financial Accounting for Decision Making, Financial Mathematics, Statistics and Probability, Introduction to Programming and Introduction to Business Analytics.</i></p>

SYLLABUS

PART 1: VALUATION
Chapter 1: Cash Flows
<p>1.1 The Financial Statements 1.2 Calculation and interpretation of the different cash flow figures 1.3 Relationships between the Cash Flow Statement and other Financial Statements</p>
Chapter 2: Capital Budgeting
<p>2.1 Investment selection methods: NPV, IRR and others 2.2 Discount rates 2.3 Investment valuation and selection</p>
Chapter 3: Firm Valuation
<p>3.1 Sources and characteristics of data used in valuation 3.2 Discounted Cash Flow Method Valuation 3.3 Valuation through multiples 3.4 Relationship between different valuation methods</p>
PART 2: OPTIMAL CAPITAL STRUCTURE
Chapter 4: Financial Leverage
<p>4.1 Financial risk and return 4.2 Irrelevance of Capital Structure. The Modigliani and Miller Propositions 4.3 Capital structure and taxes 4.4 Theories on optimal capital structure</p>
Chapter 5: Working Capital and the Management of Liquidity

- 5.1 Concept and types of Working Capital
- 5.2 Calculation of the cash cycle and its components
- 5.3 Relationship between long- and short-term financing
- 5.4 Working Capital policies

PART 3: OTHER ISSUES IN FINANCE

Chapter 6: Mergers and Aquisitions

- 6.1 Reasons for Merger and Acquisitions (M&A)
- 6.2 Valuation process in M&A
- 6.3 Results of M&A

Chapter 7: Financial Ethics

- 7.1 The concept of ethics
- 7.2 Corporate social responsibility
- 7.3 Confidential information and insider trading
- 7.4 Ethical investment management

TEACHING METHODS

Teaching methods inside the classroom	Competencias
<ol style="list-style-type: none"> Lectures and presentations. The professor will introduce key concepts and methods through lectures, small presentations, practical examples and student participation. In class resolution of problems. Solving basic problems in class to introduce methodologies and apply theoretical concepts. Professor and students will solve the problems cooperatively. Live coding sessions. Professor and students will write programs to apply the concepts learnt to real world problems. 	<p>CE 9, CE 14</p> <p>CG2, CG3, CE 9, CE 14</p> <p>CG 2, CG 3</p>
Teaching methods outside the classroom	Competencias
<ol style="list-style-type: none"> Individual study of the material to be discussed in later classroom sessions. This activity is undertaken by the student individually by reading, analyzing, and interiorizing the information provided by the course and it will be discussed with peers and professor in later classroom activities. Solving practical problems outside of class. Once the key concepts and methodologies have been introduced, the student will apply them to solve practical problems proposed by the professor. Group Project: Application to real world problems. An application of concepts and methods learnt in the course to real world data will be developed in teams. Office hours. Individually or in groups, to solve questions and doubts that students may have after introducing each chapter. As well as to guide students in their learning process. 	<p>CG2, CG3, CE 9, CE 10</p> <p>CG2, CG3, CE 9, CE 10, CE 14</p> <p>CG2, CG3, CG4, CE 9, CE 10</p> <p>CG2, CG3, CG4, CE 9, CE 14</p>

SUMMARY OF STUDENT WORK DISTRIBUTION			
Hours inside the classroom: 60			
Lessons	Case and problem solving	Seminars and workshops	
30	20	10	
Hours outside the classroom: 90			
Individual and group study			Tutorials
85			5
ECTS CREDITS:			6 (150 hrs)

ASSESSMENT AND EVALUATION CRITERIA

Activities	WEIGHT
Final Exam	50%
Group Project	20%
Classroom participation	10%
Individual assignments and tests	20%
A detailed breakdown of activities will be provided at the start of the semester.	

A grade above 4.0 in the final exam and above 5.0 in the weighted total is necessary to pass the course on the first sitting. In the second and following sittings the written final exam will represent 100% of the grade. This will also apply to sstudents that have a formal exemption (of at least 50%) to attend class (including those who are on an exchange programme abroad).

BIBLIOGRAPHY AND ADDITIONAL READINGS

Bibliography
Text books
ROSS, Stephen A.; WESTERFIELD, Randolph W.; JAFFE, Jeffrey and JORDAN, Bradford D. (2018): Core Principles and Applications of Corporate Finance: Global Edition, 5th edition. Ed. Mc Graw-Hill.
Articles and news
A variety of material will be handed out in the classroom or through the course webpage
Additional material
Slides on each chapter will be published in Moodle
Additional Reading List
Textbooks

- DAMODARAN, A. (2012). *Investment Valuation: Tools and Techniques for Determining the Value of any Asset*. Ed. Wiley. (2nd edition)
- KOLLER, T., GOEDHART, M. Y WESSELS, D. (2015). *Valuation: Measuring and Managing the Value of Companies*, 6th Edition, Ed. John Willey & sons
- HILPISCH, Yves (2014): *Python for Finance*. Ed. O'Reilly.
- BREALEY, Richard; MYERS, Stewart y ALLEN, Franklin (2014): *Principles of Corporate Finance*, 11th edition. Ed. Mc Graw-Hill.
- BREALEY, Richard; MYERS, Stewart y MARCUS, Alan (2012): *Fundamentals of Corporate Finance*, 7th edition. Ed. Mc Graw-Hill.
- ROSS, Stephen A.; WESTERFIELD, Randolph W. and JAFFE, Jeffrey (2012): *Finanzas Corporativas*, 9ª edición. Ed. Mc Graw-Hill.
- PRAT, Margarita (coord.) (2007): *Ejercicios resueltos de finanzas*. Ed. U.P.Comillas,