



TECHNICAL SHEET OF THE SUBJECT

Data of the subject	
Subject name	Advanced Corporate Finance
Subject code	E000011594
Main program	Official Master's Degree in Business Administration - MBA
Involved programs	Máster Universitario en Administración de Empresas (MBA) [First year]
Level	Postgrado Oficial Master
Quarter	Semestral
Credits	3,0 ECTS
Type	Optativa
Department	Departamento de Gestión Financiera
Coordinator	María Luisa Garayalde
Office hours	On appointment.

Teacher Information	
Teacher	
Name	María Luisa Garayalde Niño
Department	Facultad de Ciencias Económicas y Empresariales (ICADE)
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SPECIFIC DATA OF THE SUBJECT

Contextualization of the subject
Contribution to the professional profile of the degree
<p>Advanced Corporate Finance completes the students' learning and helps them to foster their professional careers in the financial departments of companies and in the Public Administration.</p> <p>It also provides students with the tools to elaborate, to finance and to value the financial issues of other areas such as entrepreneurship, starting-up and engineering.</p> <p>Finally, this subject gives students a wider view on the link between corporate finances and financial markets, allowing them to enter the investment banking and financial consulting world and, secondly, brokerage and portfolio management.</p>
Prerequisites
<p>It is necessary to have basic knowledge of accounting, financial analysis and financial maths. It is also necessary to work in the microsoft office environment (excel, word, power point).</p>

Competencies - Objectives
Competences



BÁSICAS

CB08	Que los estudiantes sean capaces de integrar conocimientos y enfrentarse a la complejidad de formular juicios a partir de una información que, siendo incompleta o limitada, incluya reflexiones sobre las responsabilidades sociales y éticas vinculadas a la aplicación de sus conocimientos y juicios.
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GENERALES

CG01	Analytic and synthesis cognitive capacities applied to business situations and managing and organisation problems.	
	RA01	Describe, relaciona e interpreta situaciones y planteamientos teóricos y prácticos.
	RA02	Selecciona y analiza los elementos más significativos y sus relaciones en contextos diferentes.
	RA03	Identifica las carencias de información y la relevancia de la misma, estableciendo establece relaciones con elementos externos a la situación planteada.
CG02	Management of data and information as key elements for decision-making and for identification, formulation and resolution of business problems.	
	RA01	Conoce, utiliza y discrimina las diferentes fuentes de información sobre la materia (información de los mercados, difusores de información, páginas web, revistas especializadas, informes de analistas y otras)
	RA02	Identifica la idoneidad de cada fuente en función de la finalidad de la misma.
CG03	Problem-solving and decision-making skills at a strategic, tactic and operational level with regard to a business, considering the interrelationship between the different functional and business areas.	
	RA01	Dispone de la capacidad para tomar decisiones de forma autónoma entre alternativas y situaciones concretas.
	RA02	Reconoce y sabe buscar alternativas en la resolución de problemas teóricos y prácticos.
	RA03	Selecciona, analiza, resuelve y toma decisiones en casos prácticos basados en situaciones reales.
CG04	Application of concepts and theories on business organizations in order to discover new business opportunities and acquire long-term competitive advantages.	
	RA01	Identifica y crea nuevas formas de aplicar los conocimientos adquiridos a la resolución de problemas prácticos.
	RA02	Sabe establecer novedades e introducir nuevas ideas para la aplicación de la teoría a los casos prácticos.
CG05	Ethical commitment with a behaviour based in moral principles and those principles of the organisation when facing moral dilemmas and corporate social responsibility issues.	
	RA01	Sabe comunicar la situación de partida y las implicaciones de las decisiones empresariales en Contabilidad.



	RA02	Es capaz de comunicarse de forma clara y precisa dependiendo del público objetivo de la información y los medios materiales de la misma.
	RA03	Participa de forma activa en el trabajo de grupo compartiendo información, conocimientos y experiencias.
	RA04	Se orienta a la consecución de acuerdos y objetivos comunes.
	RA05	Contribuye al establecimiento y aplicación de procesos y procedimientos de trabajo en equipo.
	RA06	Maneja las claves para propiciar el desarrollo de reuniones efectivas.
CG06		Time management capacity with the purpose of improving personal and team efficiency within business organizations, its environment and its management.
	RA01	Reflexiona y conoce los límites del comportamiento íntegro y acorde con los valores personales y profesionales del entorno cultural en el desarrollo de la aplicación práctica de los conocimientos de la asignatura.
	RA02	Identifica en los ejercicios y casos prácticos las actuaciones profesionales que se corresponden con valores éticos.
	RA03	Es honesto en actividades académicas y no es pasivo ante la deshonestidad de otros.
CG07		Critical reasoning and argumentation according with the understanding of knowledge and know-how on business administrations, their external context and their administration and management processes.
	RA01	Planifica su trabajo personal de una manera viable y sistemática.
	RA02	Se integra y participa en el desarrollo organizado de un trabajo en grupo. Planifica un proyecto complejo.
	RA03	Gestiona su tiempo participando en la fijación de fechas de entrega, exámenes y asume las responsabilidades de cumplir los objetivos, plazos y trabajos acordados.
CG08		Initiative, creativity and entrepreneurship when applying management techniques and related knowledge to management and development of business organizations.
	RA01	Identifica, establece y contrasta las hipótesis, variables y resultados de manera lógica y crítica.
	RA02	Revisa las opciones y alternativas con un razonamiento crítico que permita discutir y argumentar opiniones contrarias.
CG09		Knowledge, understanding and handling of tools for diagnosis of the competitive position of a company, and designing and executing the company's strategic plan.
	RA01	Orienta el estudio y el aprendizaje de forma autónoma, desarrollando iniciativa y estableciendo prioridades en su trabajo.
ESPECÍFICAS		



CE10	Knowing and being able to use the assets valuation techniques, to analyse and select investments, to identify financing sources, and to design and implement the relevant financial strategies and techniques for advanced corporate management.	
	RA01	Conoce y comprende los diversos métodos de selección de inversiones, y tiene capacidad de elección del más adecuado y capacidad para aplicarlos en la toma de decisiones reales.
	RA02	Conoce los conceptos teóricos sobre valoración de empresas (Flujo de Caja Libre, Coste de Capital) y los diferentes métodos de valoración de empresas existentes y es capaz de escoger de manera crítica, el o los métodos más apropiados en cada caso. Domina y aplica en la práctica los métodos del descuento de flujos de caja (DCF) y de los múltiplos.
	RA03	Conoce las teorías existentes sobre como se puede crear o no valor a través de la política de endeudamiento: Teoría de Modigliani y Miller, Teoría del Equilibrio (Trade off); Teoría de la Jerarquía Financiera y Teoría Organiza
	RA04	Conoce las teorías existentes sobre como se puede crear o no valor a través de las políticas de dividendos: Teoría de Modigliani y Miller y otras teorías sobre la política de dividendos. Conoce las variables a considerar en la definición de una política de dividendos.
	RA05	Comprende los fundamentos de las operaciones de Fusiones y Adquisiciones, los motivos que las impulsan, los procesos para llevar a cabo esas operaciones y los factores que pueden hacerlas fracasar.
	RA06	Conoce como dichas áreas se interrelacionan entre si para conseguir la estrategia de creación de valor por parte de la empresa.
CE11	Understanding accounting in a globalised context: based on the International Financial Reporting Standards, capacity to design and analyse consolidated financial statements in order to carry out a financial diagnosis and, once the current situation has been established, apply the relevant accounting policies (taxes, financial instruments, etc.) which are deemed most appropriate to optimise the company's resources and viability of certain projects in the company's decision making processes.	
	RA01	Conoce y aplica la problemática contable y los criterios de valoración de cada uno de los elementos patrimoniales que forman parte del activo, pasivo y neto de la empresa.
	RA02	Comprende e interpreta y la información suministrada por los estados financieros de una empresa.
	RA03	Elabora los principales estados financieros de una empresa.
CE12	Capacity for preparing and managing the financial and accounting information of a company through the use of advanced analysis techniques and control tools.	
	RA01	Conoce el tipo de información que suministra la contabilidad externa, las limitaciones que supone para determinadas decisiones de gestión empresarial y comprende la necesidad de una contabilidad interna de gestión.
	RA02	Identifica las necesidades de información que precisan los usuarios internos de la contabilidad.



RA03	Es capaz de estructurar la información interna para la gestión.
RA04	Comprende el significado de los informes contables internos y sabe discriminar la información que contienen para decidir entre varias alternativas posibles.

THEMATIC BLOCKS AND CONTENTS

Contents - Thematic Blocks

Company Valuation: special cases
 International investment projects Analysis
 Foreign exchange risk hedging: forward and currency options
 International financing
 Swap: interest rate swap and currency swap

1. Financial Asset Classes

Financial Asset Classes

1.1. Equities 1.2. Fixed Income (Bonds) 1.3. Liquidity & equivalents 1.4. Commodities 1.5. Currencies 1.6. Derivatives & Structured Products
 1.7. Private Equity & Venture Capital 1.8 Other

2. Equities

Equities (Shares)

2.1 Equities features. Political & Economic rights. Risks affecting equities. 2.2. Shareholding remuneration policies. Pay out. Cash Dividends. Script Dividends. Buy backs. Zero Dividend. 2.3. Capital structure. Internal vs External financing resources. Cost of capital (WACC). How to raise equity. Classes and purpose of external financing. Optimal Financial structure and Debt Theories: Miller & Modigliani Propositions, Theory of Equilibrium. Theory of Financial Hierarchy and Organizational Theory. 2.4. Qualitative issues: Entry barriers. Competitive Advantages. Management team. Business Strategy. Sector and country regulation. Treatment to Minority shareholder. 2.5. Equity valuation methods: 2.5.1. Book Value. Adjusted Book Value. Replacement Value. 2.5.2. Net Present Value (NPV) y Internal Rate of Return (IRR). 2.5.3. Peers Comparison. Groups of ratios: operating, financial, return and valuation ratios. 2.5.4. Valuation stemming from recent deals in the market.

3. Fixed Income

Treasuries and Bonds

3.1. The yield curve 3.2. Type of bonds: 3.2.1. On the issuer: sovereign vs corporate bonds. 3.2.2. On maturity: Treasury bills, Bonds and Obligations. 3.2.3. On coupon: at a discount, zero-coupon, fixed periodical coupons, floating coupons, strip bonds. 3.2.4. On financial hierarchy: covered, junior, senior, subordinated, convertibles, contingent convertible (cocos), preferred shares. 3.2.5. On face value: at the par, under the par, over the par. 3.2.6. On credit rating: Investment Grade vs High Yield. 3.3. Risks affecting bonds: default, market, interest rates, early redemption, illiquidity 3.4. Bonds valuation: 3.4.1. Price vs IRR 3.4.2. Coupon vs IRR 3.4.3. Accrued coupon 3.4.4. Duration, modified duration, convexity. 3.5. Strategies with bonds: 3.5.1. Active 3.5.2. Passive

4. Liquidity & equivalents

Liquidity & equivalents



4.1. How to use and manage liquidity 4.2. T-bills 4.3. Repos.

5. Introduction to portfolio management theories

Introduction to Portfolio Management

5.1. Portfolio Management theories. Historical contributions: Markowitz, Tobin, Sharpe, Ross, Rubinstein, Fama & French, VaR 5.2. Investing vehicles: Portfolios, Mutual Funds, Hedge Funds, Pension Funds, SICAVs. 5.3. Investing styles: active vs passive 5.4.: Active Investing philosophies: value, growth, momentum, event-driven, contrarian, special situations, arbitrage, absolute return. 5.5. How to measure performance: Alpha vs beta. Sharpe ratio and other ratios. 5.6. How to protect a portfolio.

6. Financial models in Excel

6. Financial models in Excel

6.1. Estimates and projections of P&L Account, Balance Sheet and Cash Flow Statement

6.2. The key step of defining consistent assumptions and hypotheses

6.3. How to calculate realistic costs

6.4. Focus on future working capital needs and capex

6.5. Alternative scenarios and sensitivity analysis

6.6. Cash budgets and the challenge of managing liquidity

TEACHING METHODOLOGY

General methodological aspects of the subject

In-class Methodology: Activities

On-site methodology: Lectures and explanations by the professor. Solving practical exercises and financial cases. Comments and discussions on financial reports and news. Oral presentation of an end-term individual work.

Non-Presential Methodology: Activities

Off-site methodology: Students will solve on their own practical exercises and financial cases either individually or in teams. Elaboration of an end-term individual work. Reading and commenting on financial reports and news.

SUMMARY STUDENT WORKING HOURS

CLASSROOM HOURS			
Lectures of an expository nature	Analysis and resolution of cases and exercises, individually or collectively	Oral presentations of topics, cases, exercises and papers	Debates
6.00	15.00	4.00	5.00
NON-PRESENTIAL HOURS			



Collaborative learning	Analysis and resolution of cases and exercises, individually or collectively	Individual study and organized reading	Academic tutoring
20.00	15.00	7.00	3.00

ECTS CREDITS: 3.0 (75,00 hours)

EVALUATION AND CRITERIA

Evaluation activities	Evaluation criteria	Weight
The final individual exam includes theoretical questions and practical exercises	If a student does not obtain at least 4 out of 10 points in this exam, he/she fails this subject. In this case, none of the assignments completed during the term will be considered neither other qualification criteria	50
Not only attendance to lectures will be taken into consideration, but also the active role of each student.	Asking questions, volunteering to solve exercises, giving opinions on the topics to be discussed contributes to qualification	10
During the term, each student working either individually or in teams will have to solve assignments, exercises and business cases.	Each of these assignments, exercises and cases will receive a maximum of 10 points.	30
Each student must individually elaborate and present orally a final monographic assignment	This assignment will be either read, summarize and explain a book on financial investing or the financial analysis of a company.	10

Ratings

Students will have two opportunities to pass the course during the course: one during the academic period and the other in a recovery exam period that will take place in the month of July.

In order to pass the course during the academic period, the student must obtain a minimum grade of 5 in the final individual exam.

Those students who do not pass this first evaluation will be able to repeat the individual exam in the recovery period in July. The grades obtained by the students in the rest of the components of the evaluation -with their corresponding weightings in the final grade- will be maintained in this second evaluation.

Those students who have been excused from attendance to school will be graded according to the grade obtained in the final individual exam.



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Ordinary

The ordinary evaluation will be done according to the criteria and weights already described in this syllabus.

Those students with official justification of unattendance will have to go through the extraordinary evaluation.

Extraordinary

On the Extraordinary evaluation none of the criteria and weights used in the Ordinary evaluation will be used.

On the Extraordinary evaluation the students will face a new and sole exam with both theoretical questions and practical exercises. In this exam the student must obtain 5 out of 10 points to succeed and pass the subject.

This Extraordinary evaluation is for those students failing the Ordinary evaluation as well as those with official justification of unattendance.

BIBLIOGRAPHY AND RESOURCES

Basic Bibliography

- Ross, S. Westerfield, R. Jafe, J. and Jordan, B. (2017) Corporate Finance. Core principles and applications (Fifth Edition). McGrawHill.
- Brealey, Richard; Myers, Stewart and Allen, Franklin (11ª edición): Principles of Corporate Finance, Concise Edition, Second Edition. Ed. McGraw-Hill International
- Aswath Damodaran (2011), The Little Book of Valuation, John Wiley & Son.
- Tom Koller, Marc Goedhart, David Wessels: Valuation: Measuring and Managing the Value of Companies, University Edition (Wiley Finance). Seventh Edition (2020)

Complementary Bibliography

Bernstein, William: "The four pillars of investing". Ed: McGraw-Hill

Bogle, John: "Common sense on mutual funds". Ed: John Wiley & Sons

Bolton, Anthony: "Investing against the tide". Ed: FT Prentice Hall

Buffet, Mary: "Buffettology", Ed: Simon & Schuster

Cunningham, L.; Eide, T. & Hargreaves, P.: "Quality investing" Ed. Harriman House

Dorsey, Pat: "The little books that builds wealth". Ed: John Wiley & Sons

Dreman, David: "Contrarian Investment Strategies. The classic edition". Ed: Free Press

Fisher, Philip A.: "Common Stocks and uncommon profits". Ed: John Wiley & Sons

García Paramés, Francisco: "Investing for the long term", Ed: Wiley Finance

Graham, Benjamin: "The intelligent investor", Ed: HarperCollins

Greenblatt, Joel: "The Little book that beats the market". Ed: John Wiley & Sons

Griffin, Tren: "Charlie Munger. The complete investor". Ed: Columbia University Press

Hagstrom, Robert: "The Warren Buffet way" Ed. John Wiley & Sons



COMILLAS

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Syllabus
2024 - 2025

Lynch, Peter: "One Up onWall Street". Ed: Simon & Schuster

Lowenstein, R. : "When genius failed". Ed: Random House y Ed: Fourth Estate

Seilern, Peter: "Only the best will do it". Ed.: Harriman House Publishing

Templeton, L. & Philips, S.: "Investing the Templeton Way" Ed: McGraw-Hill