

COURSE DESCRIPTION AND OUTLINE

Course Information	
Name	Corporate Finance
Code	
Degree	Bachelor's Degree in Business Administration and Management E2/E4/E6
Year is taught	3º
Semester	1º
ECTS credits	5
Type of course	Mandatory
Department	Financial Management
Area	Finance
University	Universidad Pontificia de Comillas
Timetable	
Teachers	Rocío Sáenz-Diez / Ignacio Cervera (coord.)
Descriptor	Stock valuation. Bond valuation. Company valuation. Portfolio management. Capital structure. Dividend policy. Options, futures and other derivatives. Financial ethics.

Teachers Information	
Professor	
Name	IGNACIO CERVERA (coord.)
Department	Financial Management
Area	Finance (Corporate Finance)
Office	
e-mail	icervera@icade.comillas.edu
Phone	91 542 28 00, ext. 2294
Tutorials timetable	
Professor	
Name	Rocío Sáenz-Diez
Department	Financial Management
Area	Finance (Corporate Finance)
Office	OD-223
e-mail	rsaenz@icade.comillas.edu
Phone	91 5422800, ext. 2238
Tutorials timetable	To be announced in class

DETAILED COURSE INFORMATION

COURSE CONTENT

Content Programme
Part 1: Valuation
Chapter 1: Stock valuation
<ul style="list-style-type: none"> 1.1. The present value of common stocks 1.2. Estimates of parameters in the Dividend Discount Model 1.3. Growth opportunities 1.4. Price-earnings ratio 1.5. Some features of common and preferred stocks
Chapter 2: Bond valuation
<ul style="list-style-type: none"> 2.1. Bonds and bond valuation 2.2. More on bond features 2.3. Bond ratings 2.4. Some different types of bonds 2.5. Determinants of bond yields 2.6. Interest rate risk: Duration
Chapter 3: Company valuation
<ul style="list-style-type: none"> 3.1. Introduction 3.2. Overview of company valuation methodologies 3.3. Discounted cash flows valuation 3.4. Relative valuation using multiples
PART 2: Risk and return, CAPM and cost of capital
Chapter 4: Portfolio management
<ul style="list-style-type: none"> 4.1. Expected return, variance and covariance for individual securities 4.2. Return and risk for portfolios 4.3. The efficient set 4.4. Riskless borrowing and lending 4.5. Diversification. Systematic and unsystematic risk 4.6. CAPM and beta 4.7. Efficient capital markets. Types of efficiency. Evidence
PART 3: Other financial decisions: Capital structure and dividend policy
Chapter 5: Capital structure
<ul style="list-style-type: none"> 5.1. Capital structure and firm value 5.2. Modigliani and Miller propositions I and II 5.3. Costs of financial distress 5.4. Tax effect 5.5. Other considerations 5.6. How firms establish capital structure
Chapter 6: Dividend policy
<ul style="list-style-type: none"> 6.1. Different types of dividends 6.2. Irrelevance of dividend policy 6.3. Personal taxes, issuance costs and other real world factors 6.4. The clientele effect 6.5. What we know and do not know about dividend policy 6.4. Repurchase of stock 6.5. Stock dividends and stock splits
PART 4: Special topics

Chapter 7: Options, futures and other financial derivatives
<ul style="list-style-type: none"> 7.1. Introduction to derivative markets 7.2. Forwards and futures 7.3. Options. Calls and puts. Buying and selling options 7.4. Valuing options
Chapter 8: Financial ethics
<ul style="list-style-type: none"> 8.1. Introduction 8.2. Use of financial information 8.3. The financial goal of a corporation

TEACHING METHODS AND STRUCTURE

Teaching methods for the Corporate Finance course	
<p>This course requires the students attend the class sessions. There are regular teaching sessions, case study discussions and practical problems and questions. Active student participation is important. They are expected to read the assigned materials prior to the class, in addition to preparing the problems and case studies when appropriate.</p>	
Teaching methods and activities when the student attends a class session	Competences
<p>Regular teaching sessions where the teacher will define and explain the technical terms and analysis, giving examples and pointing at the issues that arise debate in the reality of corporate finance. The student should listen attentively, trying to understand the rational and ideas being explained. He is expected to take notes of the main contents to complement class material. Classroom discussion is encouraged, and students can interrupt the professor asking questions or requesting further clarification. Preparation prior to the class is essential to take the most of the teaching session.</p> <p>In addition to this, there are classes with a more active involvement from students. They will carry out activities and problems, supervised by the teacher, trying to apply in practice the theoretical content explained in class. During these workshops, problems are solved, case studies are discussed and news or reading material related to the topic are debated. Sometimes the work will be done individually, and sometimes the students will work as a team.</p> <p>A few sessions may be spent in talks or presentations from guests who are professionals from different areas related to corporate finance.</p>	<p>Cognitive skills Interpersonal skills Attitude skills</p>
Teaching methods and activities outside the classroom sessions	Competences
<p>Besides taking part in class work and supervised workshops, the student needs to spend time revising individually the course material. Outside of the classroom, the student must read the materials assigned by the teachers, he also must work and solve problems and questions and look for additional information when needed. He also may need to work with fellow students in group assignments.</p>	<p>Systemic skills Practical and procedure skills Instrumental skills</p>

ASSESSMENT AND EVALUATION CRITERIA

Activities assessed	Weight
Classroom participation and discussions	10%
On-going assessments	30%
Final exam	60%

It is necessary to pass the final exam with a minimum mark of 5.00 in order to apply the aforementioned percentages. Once the percentages are applied, to pass this course it is necessary that the average of all the items is 5.00 or above.

The students that have a formal exemption (of at least 50%) to attend class (including those who are on an exchange programme abroad), the final exam mark will represent 100% of the course grade.

In case a student fails, in the second or subsequent re-takes, the final exam mark will represent 100% of the course grade.

SUMMARY OF THE STUDENT EXPECTED WORKING HOURS			
Hours in classroom			
Lessons	Case study and problem solving sessions	Assessment	
27.5	19.58	4.5	
Hours outside the classroom			
Individual work on theoretical knowledge	Individual work on practical knowledge	Group work	On-going revision
24	25	1	Included in previous categories
ECTS CREDITS:			5

BIBLIOGRAPHY AND ADDITIONAL READING LIST

Bibliography
Textbooks
ROSS, Stephen; WESTERFIELD, Randolph; JAFFE, Jeffrey and JORDAN, Bradford (2013). Corporate Finance: Core Principles and Applications. Ed. McGraw-Hill. 4 th edition.
Chapters in books
Articles and news
A variety of material will be handed out in the classroom or through the course webpage
Web pages
Notes
The student will be supplied with lesson notes and slides through the course webpage
Additional material

Additional reading list

Textbooks

- Brealey, Richard and Myers, Stewart (2012): *Fundamentals of Corporate Finance.*, 7^a edición. Ed. Mc Graw-Hill
- Copeland, Tom; Koller, Tim and Murrin, Jack. (2000) *Valuation. Measuring and managing the value of companies.* Ed. Wiley (3rd edition)
- Damodaran, Aswath (2012) *Investment Valuation: Tools and Techniques for Determining the Value of any Asset.* Ed. Wiley. (2nd edition)
- Gaughan, Patrick A.(2010): *Mergers, Acquisitions and Corporate Restructurings.* Ed. Wiley. (5th edition)