

**COURSE DESCRIPTION AND OUTLINE**

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

<b>Teacher information</b>	
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## DETAILED COURSE INFORMATION

### The course in context

#### Contribution to employability

*Corporate Finance* is a core semester-long subject. Taught on the third year of the Business Analytics degree.

Together with *Introduction to Finance* they constitute the basis for the rest of core and optional course in the finance itinerary.

Familiarity with the concepts and methodologies introduced in *Corporate Finance* 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 firms in the financial sector or elsewhere, including public administration or the NGO sector.

#### Re-requisites

To attend *Corporate Finance* students must have knowledge imparted in the following subjects:

*Introduction to Finance, Introduction to Accounting, Financial Accounting for Decision Making, Financial Mathematics, Statistics and Probability, Introduction to Programming and Introduction to Business Analytics.*

### Competences - Objectives

#### Competencias Genéricas del título-curso

- CG 1 - Capacidad de organización y planificación en la identificación de problemas en el contexto de datos masivos
- CG 2 - Capacidad de análisis de datos masivos procedentes de diversas fuentes: texto, audio, numérica e imagen
- CG 4 – Capacidad para elaborar proyectos e informes de manera oral y escrita, difundiendo estas ideas a través de canales digitales
- CG 9 - Compromiso ético en la sociedad de la información
- CG 11. Capacidad para aprender y trabajar autónomamente en la sociedad de la información
- CG 12 - Capacidad de adaptación y flexibilidad al entorno profesional en la sociedad de la información

#### Competencias Específicas del área-asignatura

##### **CE 8. Conocer y comprender la contabilidad de gestión en su versión analítica y predictiva para la toma de decisiones de gestión**

- RA3: Aplica el análisis descriptivo básico y sabe realizar inferencias con el software adecuado para tratar, modelizar y hacer simulaciones de los datos de la contabilidad de gestión.
- RA4: Entiende y estima el impacto en los márgenes empresariales de las decisiones y estrategias de gestión.

##### **CE 9. Conocer y comprender las teorías financieras en un marco de gestión analítica y de utilización intensiva de nuevas tecnologías.**

- RA1: El alumno es capaz de cuantificar y analizar cualquier decisión financiera desde el punto de vista de creación de valor. Comprende la labor del director financiero a la luz de este principio y el uso adecuado a esta función de las herramientas tecnológicas.
- RA2: El alumno hace uso de las técnicas de *Data Mining* para la comprensión de la relación entre rentabilidad y riesgo, conoce la metodología de análisis y selección de inversiones modelizando diferentes escenarios financieros, domina las técnicas de valoración de activos y hace uso de las matemáticas financieras para su modelización, y distingue las diversas fuentes de financiación.

- RA3: Es capaz de identificar los datos financieros relevantes, y de utilizar la inferencia estadística como soporte para tomar decisiones tanto de inversión como de financiación, diseñando e implantando técnicas analíticas y financieras de gestión avanzada de la empresa.
- RA4: Comprende la problemática financiera de las empresas y del sector público y entiende la influencia del entorno digital.

**CE 10. Conocer y comprender los mercados financieros y el uso de Big Data en un contexto financiero nacional e internacional.**

- RA1: Identifica los mecanismos de funcionamiento de los mercados financieros internacionales y conoce los datos financieros disponibles en estos mercados.
- RA2: Comprende la transformación a la que están expuestos los mercados financieros con la era digital.
- RA3: Sabe utilizar técnicas estadísticas, econométricas y de simulación a los datos de productos financieros producidos en los mercados para estimar sus perfiles de riesgo-rentabilidad.
- RA4: Conoce y valora los riesgos de los mercados financieros y es capaz de hacer predicciones utilizando datos masivos.

**CE 11. Conocer y analizar, con el uso de Big Data y tecnologías intensivas en datos, las interrelaciones entre la macroeconomía y los mercados financieros.**

- RA1: Conoce la teoría económica y financiera que da soporte a estos mercados y a su relación

## PROGRAMME

<b>PART 1: VALUATION</b>
<b>Chapter 1: Stock Valuation</b>
1.1 Key concepts: Market value, book value, intrinsic value 1.2 Dividend discount method valuation 1.3 Valuation through multiples 1.4 Fundamental and technical analysis
<b>Chapter 2: Firm Valuation</b>
2.1 Discounted Cash Flow Method Valuation 2.2 Valuation through multiples 2.3 Relationship between different valuation methods
<b>Chapter 3: Portfolio Management</b>
3.1 Market efficiency 3.2 Diversification, risk and return 3.3 The efficient frontier 3.4 The Capital Market Line 3.5 The Capital Asset Pricing Model (CAPM) 3.6 Other asset pricing systems
<b>PART 2: OPTIMAL CAPITAL STRUCTURE</b>
<b>Chapter 4: Capital Structure: Financial Leverage</b>
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
<b>Chapter 5: Dividend Policy</b>
5.1 The dividend payment decision 5.2 Alternatives form of stockholder remuneration

**PART 3: OTHER ISSUES IN FINANCE**

**Chapter 6: Options, Futures and Risk Management**

- 6.1 Derivative financial instruments
- 6.2 Financial futures
- 6.3 Options
- 6.4 The use of financial derivatives
- 6.5 Ethical considerations on derivative instruments

**Chapter 7: Mergers and Aquisitions**

- 7.1 Reasons for Merger and Acquisitions (M&A)
- 7.2 Valuation process in M&A
- 7.3 Results of M&A
- 7.4 Ethical considerations on M&A

**Chapter 8: Financial Ethics**

- 8.1 The concept of ethics
- 8.2 Corporate social responsibility
- 8.3 Confidential information and insider trading
- 8.4 Ethical investment management

## TEACHING METHODS

Teaching methods inside the classroom	Competencias
<ol style="list-style-type: none"> <li><b>Lectures and presentations.</b> The professor will introduce key concepts and methods through lectures, small presentations, practical examples and student participation.</li> <li><b>In class resolution of problems.</b> Solving basic problems in class to introduce methodologies and apply theoretical concepts. Professor and students will solve the problems cooperatively.</li> <li><b>Live coding sessions.</b> Professor and students will write programs to apply the concepts learnt to real world problems.</li> <li><b>Office hours.</b> 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.</li> </ol>	<p>CE 9, CE 10, CE 11, CG 9, CG 12</p> <p>CE 8, CE 9, CG 1</p> <p>CE 8, CE 9, CG 1</p>
Teaching methods outside the classroom	Competencias
<ol style="list-style-type: none"> <li><b>Individual study of the material</b> 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.</li> <li><b>Solving practical problems outside of class.</b> Once the key concepts and methodologies have been introduced, the student will apply them to solve practical problems proposed by the professor.</li> <li><b>Group Project: Application to real world problems.</b> An application of concepts and methods learnt in the course to real world data will be developed in teams.</li> </ol>	<p>CE 8, CE 9, CE 10, CE 11, CG 9, CG 12</p> <p>CE 8, CE 9, CE 10, CG 1, CG 2, CG 11</p> <p>CE 8, CE 9, CE 10, CG 1, CG 2, CG 4, CG 11</p>

## ASSESSMENT AND EVALUATION CRITERIA

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

In the second and following sittings the course grade will be 100% the grade of the written final exam. This will also apply to students that have a formal exemption (of at least 50%) to attend class (including those who are on an exchange programme abroad).

Attendance is considered key, as otherwise students will not assimilate the concepts and methods taught, nor will they be able to hand in homework as required.

<b>SUMMARY OF STUDENT WORK DISTRIBUTION</b>			
<b>Hours inside the classroom: 60</b>			
<b>Lessons</b>	<b>Case and problem solving</b>	<b>Seminars and workshops</b>	<b>Tutorials</b>
30	10	16	4
<b>Hours outside the classroom: 90</b>			
<b>Individual and group study</b>	<b>Case and problem solving</b>		<b>Tutorials</b>
72	14		4
<b>CRÉDITOS ECTS:</b>			<b>6</b>

## **BIBLIOGRAPHY AND ADDITIONAL READINGS**

<b>Bibliography</b>
<b>Text books</b>
<b>ROSS, Stephen A.; WESTERFIELD, Randolph W.; JAFFE, Jeffrey and JORDAN, Bradford D.</b> (2018): Core Principles and Applications of Corporate Finance: Global Edition, 5th edition. Ed. Mc Graw-Hill.
<b>Articles and news</b>
A variety of material will be handed out in the classroom or through the course webpage
<b>Additional material</b>
Slides on each chapter will be published in Moodle
<b>Additional Reading List</b>
<b>Textbooks</b>
<ul style="list-style-type: none"> <li>▪ DAMODARAN, A. (2012). <i>Investment Valuation: Tools and Techniques for Determining the Value of any Asset</i>. Ed. Wiley. (2<sup>nd</sup> edition)</li> <li>▪ KOLLER, T., GOEDHART, M. Y WESSELS, D. (2015). <i>Valuation: Measuring and Managing the Value of Companies</i>, 6th Edition, Ed. John Willey &amp; sons</li> <li>▪ BREALEY, Richard; MYERS, Stewart y ALLEN, Franklin (2014): Principles of Corporate Finance, 11th edition. Ed. Mc Graw-Hill.</li> <li>▪ BREALEY, Richard; MYERS, Stewart y MARCUS, Alan (2012): Fundamentals of Corporate Finance, 7th edition. Ed. Mc Graw-Hill.</li> <li>▪ ROSS, Stephen A.; WESTERFIELD, Randolph W. and JAFFE, Jeffrey (2012): Finanzas Corporativas, 9ª edición. Ed. Mc Graw-Hill.</li> <li>▪ PRAT, Margarita (coord.) (2007): Ejercicios resueltos de finanzas. Ed. U.P.Comillas,</li> </ul>