

COURSE DESCRIPTION AND OUTLINE

Course Information

Name	Corporate Finance
Degree	Máster Universitario en Finanzas.
Year is taught	First course
Semester	First Term
ECTS Credits	3
Type of course	Mandatory
Department	ICADE Business School
Area	Finance

Teacher Information

Professor

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COURSE SPECIFICS

Context of the course

Contribution to the profesional profile of the MBA

The objective of this course is to introduce concepts and techniques that allow the student to understand financial statements from a strategic point of view and to be able to make decisions to fulfill organizational goals. At the end of the course, the students must be able to understand the business model of a company and its key profit-making drivers. The student should also learn the basic principles for making correct corporate finance decisions in order to create value for the shareholders

Goals

1. To learn the building blocks needed to understand the key ideas behind the theory of corporate finance.
2. To apply these ideas and use them when solving case studies
3. To understand the relationship between risk and return
4. To be able to choose between different alternatives both for investment and for financing decisions
5. To learn how to perform a company valuation
6. To be able to apply the principles of shareholder value creation when analysing any corporate decision

CONTENTS AND MODULES

CONTENTS
Module 1 and 2: Introduction and profitability measures:
<i>Recommended Reading:</i> <ul style="list-style-type: none">- Investment Valuation. A. Damodaran Chapter 1: Introduction to investment valuation
Module 3: Investment Project Valuation
<i>Cases:</i> <ul style="list-style-type: none">- <i>Titanium</i>- <i>Mercedes Benz</i>- <i>Almacenes López</i>
Module 4 and 5: Cost of Capital and discounted rate
<i>Case:</i> <ul style="list-style-type: none">- <i>H Corporation</i> <i>Recommended Reading</i> <ul style="list-style-type: none">- Investment Valuation. A. Damodaran Chapter 4: Estimation of discount rates
Module 6 Dividend Policy
<i>Case:</i> <ul style="list-style-type: none">- <i>Apple</i>
Module 7: Company valuation
<i>Case:</i> <ul style="list-style-type: none">- <i>Tiresias</i> <i>Recommended Reading:</i> <ul style="list-style-type: none">- Investment Valuation. A. Damodaran Chapter 11: Free cashflows to equity discount models Chapter 12: Valuing a firm- The free cashflows to the firm approach
Module 8: Special Operations
<i>Case:</i> <ul style="list-style-type: none">- <i>Fortuny Group</i> <i>Case:</i> <ul style="list-style-type: none">- <i>Lhysa Autex</i>
Module 9: The Stock Market
<i>Case:</i> <ul style="list-style-type: none">- 9-212-051 <i>L'Occitane en Provence</i> <i>Recommended Reading</i> <ul style="list-style-type: none">- Investment Valuation. A. Damodaran Chapter 14: Price/earnings multiples
Assesment

Competences

Generic competences

- CG 1. Being able to analyze and synthesize acquired knowledge applying it to real life business situations and management problems.
- 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.
- 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.
- CG 4. The student is able to apply concepts and theories to corporate organizations to uncover new business opportunities and create lasting competitive advantages.
- CG5. Advanced knowledge of software programs used in this field
- CG 6. 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.
- CG7. Leadership abilities and team work
- CG 9. Ethical commitment to act according to moral values and organizational principles when facing ethical dilemmas and social corporate responsibility issues.
- CG14. Capacity to write reports, to communicate ideas and to solve problems.

Specific Competences related to this course

- CE 2. Find and analyze public information from markets and firms for decision-making processes of investment and financing.
- CE 3 To understand and to apply the principles and models of business valuation, asset portfolio management, the fundamentals of analysis of investment projects and theories that support the construction of efficient portfolios.
- CE 5. To know how to integrate and implement the policy of indebtedness and dividends policy in a company.(AGF) (FC)
- CE7. To understand merger and acquisition transactions and other corporate issues, to recognize the main reasons that inspire them and to apply the techniques to implement them, also taking into account the risk of failure.

TEACHING METODOLOGY

General methodological aspects	
<p>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. This does not mean there will be a regular teaching sessions followed by an example in the form of a case study. Rather the case study will be presented first, analyzed and discussed and from 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</p>	
Classroom methodology: activities	Competences
Case study discussion and analysis, both individually and as a team Teaching sessions and lectures Debates	CGB 1, CGB 2, CGB 3, CGB 4, CGB 5, CGB 6, CGB 7, CGB 9, CGB 14, CE 2, CE 3, CE 5, CE 7
Out of classroom methodology: activities	Competences
Individual study and organised reading Collaborative learning Solving case studies, individually and within a team	CGB 1, CGB 2, CGB 3, CGB 4, CGB 5, CGB 6, CGB 7, CGB 9, CGB 14, CE 2, CE 3, CE 5, CE 7

EVALUATION AND GRADING CRITERIA

ASSESSMENT SCHEME	CRITERIA	WEIGHT
Mid term assesment	Short exam	20%
Final exam		40%
On-going assessments	active class participation and case study discussions, evaluation of cases and problems	40%

Attendance is mandatory, a minimum of 75% attendance rate is required to obtain a Pass Grade in the subject.

A minimum of 4.9 mark is required in the Final Exam to obtain a Pass Grade in the subject.

On second call, only the exam mark will be taken into consideration. In this case, the maximum grade will be 6 over 10.

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

* This schedule is flexible

REFERENCES:

Basic references:

Textbooks

BREALEY, Richard; MYERS, Stewart y ALLEN, Franklin (2011): Principles of Corporate Finance, Concise Edition, Second Edition. Ed. McGraw-Hill International.

Aswath Damodaran (2002), Investment Valuation, John Wiley & Son.

Ross, Stephen A.; Westerfield, Randolph W. and Jordan, Bradford D (2011): Essentials of Corporate Finance, Seventh Edition. Ed. McGraw-Hill. Global Edition.

Additional references

Textbooks

Copeland, Koller y Murrin: *Valuation: Measuring and Managing the Value of Companies (3er. Ed)*. Ed. McKinsey Company.

Bruner, Robert F. (2004): Applied Mergers & Acquisitions. Ed. Wiley

Gaughan, Patrick A.(2010): Mergers, Acquisitions and Corporate Restructurings. Ed. Wiley. (5th edition)

Moeller, Scott and Brady, Chris. (2014): Intelligent M&A. Navigating the Mergers and Acquisitions Minefield. Ed. Wiley (2nd edition)

Sudarsanam, Sudi (2010): Creating Value from Mergers and Acquisitions. Ed. Prentice Hall (2nd edition)