

**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>1st &amp; 2nd</b>
<b>ECTS Credits</b>	<b>6</b>
<b>Type</b>	<b>Core</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>	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.

<b>Teacher information</b>	
<b>Name</b>	Carlos Bellón Núñez-Mera
<b>Department</b>	Financial Management
<b>Area</b>	Finance
<b>e-mail</b>	<a href="mailto:cbellon@comillas.edu">cbellon@comillas.edu</a>
<b>Phone</b>	Phone 91 542 28 00 - ext. 2245
<b>Office</b>	OD-423

## DETAILED COURSE INFORMATION

<b>The course in context</b>
<b>Contribution to employability</b>
<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>
<b>Pre-requisites</b>
<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

<b>PART 1: VALUATION</b>
<b>Chapter 1: Cash Flows</b>
<p>1.1 The Financial Statements 1.2 Calculation and interpretation of the different cash flow figures 1.3 Concept and calculation of the Net Working Capital 1.4 Relationships between the Cash Flow Statement and other Financial Statements</p>
<b>Chapter 2: Firm Valuation</b>
<p>2.1 Sources and characteristics of data used in valuation 2.2 Discounted Cash Flow Method Valuation 2.3 Valuation through multiples 2.4 Relationship between different valuation methods</p>
<b>PART 2: OPTIMAL CAPITAL STRUCTURE</b>
<b>Chapter 3: Capital Structure: Financial Leverage</b>
<p>3.1 Financial risk and return 3.2 Irrelevance of Capital Structure. The Modigliani and Miller Propositions 3.3 Capital structure and taxes 3.4 Theories on optimal capital structure</p>
<b>Chapter 4: Working Capital and the Management of Liquidity</b>
<p>4.1 Concept and types of Working Capital 4.2 Calculation of the cash cycle and its components 4.3 Relationship between long- and short-term financing 4.4 Working Capital policies</p>
<b>PART 3: OTHER ISSUES IN FINANCE</b>

**Chapter 5: Options, Futures and Risk Management**

- 5.1 Derivative financial instruments
- 5.2 Financial futures
- 5.3 Options
- 5.4 The use of financial derivatives

**Chapter 6: Mergers and Acquisitions**

- 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"> <li>1. <b>Lectures and presentations.</b> The professor will introduce key concepts and methods through lectures, small presentations, practical examples and student participation.</li> <li>2. <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>3. <b>Live coding sessions.</b> Professor and students will write programs to apply the concepts learnt to real world problems.</li> </ol>	<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"> <li>1. <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>2. <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>3. <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> <li>4. <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>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>

<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>	
30	20	10	
<b>Hours outside the classroom: 90</b>			
<b>Individual and group study</b>			<b>Tutorials</b>
85			5
<b>ECTS CREDITS:</b>			<b>6 (150 hrs)</b>

### **ASSESSMENT AND EVALUATION CRITERIA**

<b>Activities</b>	<b>WEIGHT</b>
Final Exam	50%
Group Project	20%
Individual assignments	10%
Classroom participation	10%
Midterm Exam	10%
A detailed breakdown of activities will be provided at the start of the semester.	

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**

<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>

- DAMODARAN, A. (2012). *Investment Valuation: Tools and Techniques for Determining the Value of any Asset*. Ed. Wiley. (2<sup>nd</sup> edition)
- KOLLER, T., GOEDHART, M. Y WESSELS, D. (2015). *Valuation: Measuring and Managing the Value of Companies*, 6th Edition, Ed. John Wiley & 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,