

**COURSE DATA****Data Subject**

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|----------------------|-------------------|
| Code | 35916 |
| Name | Corporate finance |
| Cycle | Grade |
| ECTS Credits | 6.0 |
| Academic year | 2023 - 2024 |

Study (s)

| Degree | Center | Acad. Period |
|---|----------------------|---------------------|
| 1314 - Degree in International Business | Faculty of Economics | 4 First term |

Subject-matter

| Degree | Subject-matter | Character |
|---|--|------------------|
| 1314 - Degree in International Business | 29 - Corporate and international finance | Optional |

Coordination

| Name | Department |
|---------------------|------------------------|
| BEL OMS, INMACULADA | 172 - Business Finance |

SUMMARY

This subject focuses on the tools and techniques of finance and how they are employed for the valuation of securities, essential knowledge for any student in International Business.

Students learn how to value assets given the forecasts of future cash flows. The course also concentrates on the risk characteristics of different asset classes, shares specially. The course deals with valuation of stocks, the tradeoff between risk and return, diversification, the capital asset pricing model, debt and dividend policies, and mergers and acquisitions.

This course emphasizes an intuitive and also rigorous understanding of the theory and practice of financial markets. It will combine the theoretical underpinnings of finance with real-world examples, including several case discussions. Mathematical tools will be employed.



PREVIOUS KNOWLEDGE

Relationship to other subjects of the same degree

There are no specified enrollment restrictions with other subjects of the curriculum.

Other requirements

Knowledge on financial management and financial markets is required.

OUTCOMES

1314 - Degree in International Business

- Ser capaz de modelizar la relación entre riesgo y rentabilidad existente en los mercados financieros.
- Comprender el efecto del endeudamiento y de la política de dividendos en el valor de mercado de la empresa y conocer las principales teorías desarrolladas al respecto.
- Conocer estrategias corporativas como las fusiones o adquisiciones, la optimización de la estructura financiera de la empresa, la identificación y evaluación de fuentes de financiación nacionales e internacionales, así como la diversificación de inversiones.

LEARNING OUTCOMES

DESCRIPTION OF CONTENTS

1. UNIT 1 RISK AND RETURN

- 1 Introduction
- 2 Characteristics of financial assets
- 3 Portfolios and diversification

2. UNIT 2 THE MARKOWITZ PORTFOLIO SELECTION MODEL

- 1 Introduction
- 2 Markowitz and the portfolio selection
- 3 Efficient portfolios
- 4 Capital allocation and the separation property
- 5 The index model



3. UNIT 3 THE CAPITAL ASSET PRICING MODEL (CAPM)

- 1 Introduction
- 2 Assumptions behind the CAPM
- 3 Capital Market Line (CML)
- 4 Security Market Line (SML)
- 5 The CAPM and the index model

4. UNIT 4 THE CHOICE OF CORPORATE CAPITAL STRUCTURE

- 1 Introduction
- 2 Capital structure in perfect capital markets
- 3 Debt and taxes
- 4 Personal taxes (Millers model)
- 5 The costs of bankruptcy and financial distress

5. UNIT 5 PAYOUT POLICY

- 1 Introduction
- 2 Cash distributions to shareholders in perfect capital markets
- 3 The tax disadvantage of dividends
- 4 Dividend capture and tax clienteles
- 5 Signaling with payout policy

6. UNIT 6 AGENCY THEORY AND FINANCIAL DECISIONS

- 1 Introduction
- 2 The agency costs/benefits of leverage
- 3 Asymmetric information and capital structure
- 4 Agency costs and payout policy

7. UNIT 7 MERGERS AND TAKEOVERS

- 1 Introduction
- 2 Reasons to acquire
- 3 Takeover process
- 4 Takeover defenses
- 5 Who gets the value added from a takeover?



WORKLOAD

| ACTIVITY | Hours | % To be attended |
|--------------------------------------|---------------|------------------|
| Theory classes | 30,00 | 100 |
| Classroom practices | 30,00 | 100 |
| Development of group work | 40,00 | 0 |
| Preparation of evaluation activities | 15,00 | 0 |
| Preparing lectures | 35,00 | 0 |
| TOTAL | 150,00 | |

TEACHING METHODOLOGY

The theoretical classes will consist of the presentation, by the teacher, of the subjects of the subject. The participation of the student will be valued positively in terms of his critical and debate capacity. The practical classes will consist of the resolution of practices by the teacher and/or the student. For the development of these classes, the student will be provided with a series of practical cases, of which a part will be used for personal work. In addition, the realization of two group works is contemplated, which must be presented in class.

EVALUATION

The course evaluation procedure will consist of:

A Final exam, which may consist of theoretical questions as well as problems and real cases. This exam will account for 70% of the final grade. **A minimum grade (3.5 points out of 7) must be passed on this written test so that it can be added to the rest of the grade.**

Continuous assessment based on the rest of the face-to-face training activities and participation and involvement in the teaching-learning process will account for **30% of the course grade**. To pass the subject it will be necessary to obtain a minimum grade of 5 out of 10.

Given the finalist nature of the continuous evaluation, it will not be recoverable in the first call, but it may be recoverable in the second call.

Specifically, in the first call you can obtain a maximum of 7 points in the final EXAM. This note will be completed with the note of the continuous evaluation (up to a maximum of 3 points), **ALWAYS AND WHEN THE EXAM HAS BEEN PASSED** (minimum of 3.5 points out of 7). If the EXAM is not passed in the first call, the final mark will be that of the exam and the continuous assessment mark may be saved for the second call.

In the second call, there are two options: if the continuous evaluation has been passed (at least 1.5 points have been obtained out of the 3 possible points that can be obtained), the final EXAM will have a maximum score of 7 points, which will be completed with the note obtained in continuous evaluation. Otherwise, if the continuous evaluation has not been passed, the EXAM of the second call will allow obtaining up to 10 points. In any case, in the second call the student will be able to opt for the option that



most benefits them.

The grading system will be expressed through numerical grading in accordance with the provisions of art. 5 of the R.D. 1125/2003, of September 5, which establishes the European system of credits and the system of qualifications in university degrees of an official nature and validity in the national territory."

REFERENCES

Basic

- BERK ET AL. Fundamentals of corporate finance. Ed. Pearson Education 2012.
- BERK, and DEMARZO. Corporate Finance. Ed. Pearson Education 2011.

Additional

- BODIE, Z., R.A., A. KANE, and A. MARCUS. Investments. Ed. Mc Graw-Hill 2009
- HILLIER, GRINBLATT, and TITMAN. Financial markets and corporate strategy. Ed. Irwin-McGraw-Hill, 2008
- HILLIER, ROSS, WESTERFIELD, JAFFE, and JORDAN. Corporate Finance. Ed. McGraw-Hill 2010.