

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

<b>Code</b>	36156
<b>Name</b>	Cooperative finance
<b>Cycle</b>	Grade
<b>ECTS Credits</b>	6.0
<b>Academic year</b>	2023 - 2024

**Study (s)**

<b>Degree</b>	<b>Center</b>	<b>Acad. year</b>	<b>Period</b>
1316 - Degree in Economics	Faculty of Economics	4	First term

**Subject-matter**

<b>Degree</b>	<b>Subject-matter</b>	<b>Character</b>
1316 - Degree in Economics	21 - Pathway: industrial and business economics	Optional

**Coordination**

<b>Name</b>	<b>Department</b>
IBAÑEZ ESCRIBANO, ANA MARIA	172 - Business Finance

**SUMMARY**

The Corporate Finances is an optional subject within the mention of Industrial Economics of 6 ECTS credits. The subject is located within the subject of Financial Economics along with the subject Financial Markets and Banking Operations. Within the temporary distribution of the subjects in the degree of ECO is located in the first semester of the fourth year, while the optional of the same subject (Financial Markets and Operations) is taught in the second semester of the same course.

The students of the Economics degree have completed the subject of Finance during the second semester of the second year, with which they must have developed a series of skills and competences that enable them to advance in more specific knowledge within the Financial Economy.

Within the mention of Industrial Economics where business strategies are studied in an environment of markets that are not perfect competition, the objective and usefulness of this matter is very clear:



At the business level and for the development of any strategy or activity it is necessary to acquire assets (spend money) and, consequently, obtain financing to make such acquisitions (issue financial assets).

It is obvious to point out that today any company needs professionals in the financial field capable of making the best investment decisions, a need that is accentuated in the context of uncertainty derived from the current economic situation. If making the best investment decisions has always conditioned the development and continuity of the company, today it is presented as an essential requirement for its survival.

Without detracting from the importance that professional experience has in the financial management of the company, it is essential to be able to respond to the changes to know the basic theories that concern finance. Therefore, it is necessary that students understand why companies and markets behave in a certain way, that is, they need to know the theoretical foundations of investment decision making and how, through these decisions, increase the value of the company's market.

The study of Corporate Finance is framed within the area of Financial Economics. The key elements in Financial Economics are investors, financial markets and companies, and one of the fields of study of Financial Economics is precisely the efficient decision making by companies, which is the field that is intended to cover this subject.

Thus, from the definition of the basic tasks of the financial director, that is, the decisions of productive investment, the decisions of financing, and the adjustment of the inflows and outflows of money in the company, and from the establishment of the objective of the company, the subject deepens first in the analysis, valuation and selection of business investment projects from definition of valuation measures that allow to decide the success or failure of said projects in the achievement of the objective set. Secondly, the subject focuses on the problem of the payment of investments, that is to say on financing decisions, the main sources of financing will be described in detail, and the best way to obtain the money to be financed, beginning with solving the question of whether the company can obtain a fair value for the assets it issues, concept of efficiency, and then proposing the dividend policy, that is, whether or not the company should reinvest its profits, and the optimal financial structure, i.e. whether to issue shares or borrow and, consequently, what effect the financing option has on the value of investment projects

## PREVIOUS KNOWLEDGE

### Relationship to other subjects of the same degree

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

### Other requirements

To make an adequate learning of the contents of this subject the student must know the contents already taught in the backbone of Finance and a minimum handling of the Excel Spreadsheet



## **COMPETENCES (RD 1393/2007) // LEARNING OUTCOMES (RD 822/2021)**

### **1316 - Degree in Economics**

- Show critical thinking skills.
- Show ethical commitment and social responsibility at work, respect the environment and human rights and promote equality between men and women and the culture of peace.
- Be able to collect and analyse information.
- Have oral and written communication skills in the native language.
- Have decision-making skills and be able to apply knowledge to practice.
- Be able to work in a team (including interdisciplinary teams).
- Be able to learn autonomously.
- Be able to use ICTs.
- Be able to use English in a professional environment.
- Apply the principles of economic analysis (rational decision) to the diagnosis and resolution of problems.
- Be able to prepare and defend an economic report.
- Be able to design and manage economic projects.
- Know how to analyse and design the strategic decisions of the company and their consequences.
- Know how to analyse and interpret the economic and financial information of companies.

## **LEARNING OUTCOMES (RD 1393/2007) // NO CONTENT (RD 822/2021)**

- Analyse and assess the main business investment decisions and solve investment decision problems.
- Describe and assess the financial flows that occur in a company. Analyse and interpret the economic and financial information of a company.
- Solve problems and make decisions related to the financial situation of a company.

## **DESCRIPTION OF CONTENTS**

### **1. CORPORATE FINANCE AND THE FINANCIAL MANAGER. ETHIC AND SOCIAL RESPONSABILITY**



Introduction to the subject, We introduce financial management and establish the principal decisions: capital investment and financing decisions. We explain why value maximization makes sense as a financial goal. We too introduce agency problems and corporate governance. We also introduce the concept and importance of ethics and social responsibility in the financial field

## **2. THEORETICAL FUNDAMENTALS OF CAPITAL INVESTMENT AND INVESTMENT CRITERIA**

Capital investment in the company are studied in an environment of certainty. The objective of this part is to learn how to determine the value of productive investments. The methodologies that will allow us to determine the value of the investment and its theoretical foundations will be defined

## **3. CONSIDERATIONS IN ESTIMATING CASH FLOWS**

We will study the parameters that characterize an investment from the financial point of view, as well as the way to determine them

## **4. CAPITAL BUDGETING AND RISK**

The risk in the valuation of investments will be introduced from the definition of opportunity cost of capital giving techniques for its determination and the concept of the weighted-average cost of capital will be introduced and indicating the differences with the opportunity cost of the capital of the project

## **5. PROJECT ANALYSIS**

Once the assessment of investments in risk environment has been introduced, we establish some techniques that help to project analysis in a risk context and even reduce the uncertainty around them

## **6. External sources of financing**

It describes the main sources of financing that the company has and how they issue assets

## **7. CAPITAL STRUCTURE**

We will study the notion of efficient capital markets and the relevance it has when making financing decisions. Moreover, we will introduce the importance of capital structure in the market value of the firm. With acquired knowledge, we will learn to value investment projects incorporating financing decision

**WORKLOAD**

ACTIVITY	Hours	% To be attended
Theory classes	30,00	100
Classroom practices	30,00	100
Attendance at events and external activities	2,00	0
Development of individual work	12,00	0
Study and independent work	28,00	0
Readings supplementary material	5,00	0
Preparation of evaluation activities	20,00	0
Preparing lectures	9,00	0
Preparation of practical classes and problem	9,00	0
Resolution of case studies	5,00	0
<b>TOTAL</b>	<b>150,00</b>	

**TEACHING METHODOLOGY**

During the course, the contents of the program will be worked on simultaneously with theoretical and practical ones.

The theoretical classes will be taught with the methodology of the lecture, in which the teacher will detail the fundamental aspects of each topic and explain the most relevant concepts by facilitating the study of it through the indicated bibliography, to which the student must go to complete and deepen the subject, and the material prepared for this purpose.

The practical classes will consist of the consideration of questions and exercises of applied character that have been previously raised in the theoretical classes, and certain program topics will be studied due to their eminently practical content.

When solving the questions and exercises, the student must actively participate in the development of the activity discussing the solution, and using the appropriate computer techniques to solve them.

In addition to these face-to-face activities, the student must carry out other activities oriented to autonomous learning, such as individual study, the preparation of assessment activities, or individual or group work. For the successful completion of these activities, tutoring, done either individually or in groups, is a particularly important teaching resource since it allows the teacher to know the level of progress of the group, and the student a personalized orientation in its training program. Consequently, throughout the formative period of the subject is recommended and encourages the use of this teaching resource.





The virtual classroom, <http://pizarra.uv.es> facilitates the development of these methodologies, since it includes all the teaching material and allows the fluid contact between teacher and student.

## EVALUATION

The evaluation will be based on:

- A writing in the period that the centre schedules for it. This exam will include all the material.
- The continuous evaluation will be based on any or all of the following points: Attendance to class and participation in them.

Attendance at conferences related to the topics of study.

Activities carried out during the training period: exercises, problems, cases. Individual and / or team work.

The assessable test will represent 65%-90% of the final grade and the evaluation will continue 35%-10%. In any case, to pass the subject you will need to obtain a minimum score of 5 out of 10 and in the test or evaluable subtest you must also obtain a minimum score of 5 out of 10. In the case of not passing the evaluable test the maximum score that is You can get it will be 4.5.

In order for the proposed activities and tasks to be evaluated, they must be submitted on the date and manner stipulated for each of them.

In the second call the same evaluation criteria will be used as in the first

## REFERENCES

### Basic

- BERCK, J, P. DEMARZO y J. HARDFORD (2019): Fundamentos de Finanzas Corporativas. Pearson.
- <http://cibisoc.blogs.uv.es/>
- BERCK, J, P. DEMARZO, P.(2020): Corporate Finance. Pearson
- BREALEY, R.; S. MYERS y F. ALLEN (2020): Principios de Finanzas Corporativas. McGraw-Hill. Madrid.

### Additional

- PECK, SW (2011): Investment Ethics. Wiley
- ROSS, S.; R.W. WESTERFIELD y J.F. JAFFE (2012): Finanzas Corporativas. Irwin. Madrid.