Corporate Finance

Academic Year: (2021 / 2022)   **Review date: 05-07-2021**

Department assigned to the subject:

Coordinating teacher: TOLDRA SIMATS, ANNA

Type: Compulsory ECTS Credits : 2.0

Year : 1 Semester :

REQUIREMENTS (SUBJECTS THAT ARE ASSUMED TO BE KNOWN)

Quantitative Methods and Financial Mathematics. Homogenization Courses (C). MBA program.

OBJECTIVES

After this course students should be able to:
Objective 1: Understand the difference between equity and debt.
Objective 2: Find the optimal capital structure of a firm.
Objective 3: Understand the effect of taxes on the value of firms and on their optimal capital structure.
Objective 4: Understand the impact of agency problems in the ability of firms to raise funds.
Objective 5: Understand the basics of bond and stock pricing.

DESCRIPTION OF CONTENTS: PROGRAMME

Class 1: Introduction to Corporate Financing. The capital structure of a firm: Modigliani&Miller's propositions.
Class 2: Capital structure with taxes.
Class 3: Agency conflicts: Borrowing in the presence of adverse selection and moral hazard.
Class 4: Problem Set resolution: block I.
Class 5: Bond and Stock pricing
Class 6: Problem Set resolution: block II.

LEARNING ACTIVITIES AND METHODOLOGY

(i) 15 hour recitations, where the course instructor will explain the theoretical foundations of the course and will solve some selected exercises of problem sets.
(ii) Resolution of problem sets by students, to be conducted by students independently off classroom.
(iii) Office hours, where individual doubts will be addressed.

ASSESSMENT SYSTEM

60 % Final Exam.
40% Problem Sets.

% end-of-term-examination: 60

% of continuous assessment (assigments, laboratory, practicals…):   40

BASIC BIBLIOGRAPHY

- J. Berk and P. DeMarzo Corporate Finance, Pearson, 3rd Ed

- M. Grinblatt and S. Titman Financial Markets and Corporate Strategy, McGraw-Hill, 2nd Ed

- R.A. Brealey , S.C. Myers and F. Allen Principles of Corporate Finance, McGraw-Hill, 11th Ed.