

Academic Year: (2022 / 2023)

Review date: 18-04-2022

Department assigned to the subject: Business Administration Department

Coordinating teacher: MARTINEZ MIERA, DAVID

Type: Electives ECTS Credits : 6.0

Year : Semester :

OBJECTIVES

This course's main objective is to understand how the different financial instruments used by the company to raise capital have an impact on the equilibria inside the firm among the different stakeholders. Also, issues of compensation as well as mergers and acquisitions are considered. To achieve this objectives, students must acquire a range of knowledge, skills and attitudes.

With regard to knowledge:

- Understanding that a company is a nexus of contracts between various stakeholders.
- Understand that a financial instrument not only serves to raise capital, but it alters the balance of power within the company.
- Understand that you can use the financial structure to reduce conflicts of interest among various stakeholders.
- Use an integrated manner the definition of a financing policy with the policy of compensation to shareholders.
- Be able to draw from observation of the capital structure of a company, the possibilities that this company should be subject to corporate mergers and acquisitions

As these capabilities can be classified into two groups one specific skills and a more generic abilities or skills.

As for specific skills, at the end of the course, students will be able to:

- Manage in an optimal way a firm's financial structure in order to minimize conflicts in the company.
- Reduce the cost of capital of the enterprise, integrating into the decisions to be taken by a financial director, the effects on the various stakeholders of using different financial instruments.
- Implement the most appropriate compensation policy, taking into account the existing financial structure.
- Make use of the financial structure to send signals to markets about the type of shareholder "choice."
- Recommend appropriate financial instruments to carry out takeovers through mergers and acquisitions.

General capacities:

- The capacity to use reasonable approximations for achieving a financial objective
- The ability to tackle uncertainty issues, while making sensibility analyses in such uncertain frameworks.
- The relevance of approaching a financial objective through different ways in order to have more sound financial results.

The attitudes that a student should acquire:

- A flexible view in order to change a decision if new information has arrived.
- A critical view of managers in order to understand that a firm value is not always what the managers pursue.
- A collaborative attitude in order to obtain from the different agents the information required for achieving difficult objectives.
- Understand that behind any managerial decision there is an ethical code.

Contribute a better translation

DESCRIPTION OF CONTENTS: PROGRAMME

This is a basic course of introduction to corporate finance. Financial structure is presented as an instrument to reduce agency conflicts within the company. Also some aspects of compensation policies as well as M&A are analyzed in the course

The program is divided into six parts:

PART ONE: We present the main financial instruments used by firms their pros and cons.

PART TWO: We study the conflict between shareholders and creditors and how to use financial instruments to reduce these conflicts.

PART THREE: Agency problems between managers and shareholders and how to use financial structure to reduce these problems. Also we treat other conflicts of interest.

PART FOUR: The signalling role of debt and equity

PART FIVE: Mergers and Acquisitions

PART SIX. IPOs

LEARNING ACTIVITIES AND METHODOLOGY

The methodology is a combination of the following items:

- (1) Theoretical classes. There are 14 classes in which the main theoretical foundations are presented. The students will have the slides in advance in order to make these classes as efficient as possible.
- (2) Case studies. There are several case studies that the students distributed in groups will have to solve-discuss. These cases change every year and try to be as actual as possible.
- (3) Resolution of several lists of exercises that will be corrected every 2 weeks. These lists are uploaded at the beginning of the course. The students will have to send their responses the class previous of the correction of the list in class.

ASSESSMENT SYSTEM

The final grade is the weighted average of the following items:

- ¿ Cases and exercises (20%). The students will have to present case and/or exercises
- ¿ Partial exam of the first 3 chapters (20%)
- ¿ A final exam (60%). This is a multiple choice exams, mainly focused on practical issues. A MINIMUM GRADE OF 4.00 IS REQUIRED IN THE FINAL EXAM.

% end-of-term-examination:	60
% of continuous assessment (assignments, laboratory, practicals...):	40

BASIC BIBLIOGRAPHY

- ALLEN, BREALEY y MYERS PRINCIPIOS DE FINANZAS CORPORATIVAS, McGrawHill, 2008
- GRINBLATT, M. y TITMAN, S. (1998) Mercados Financieros y Estrategia Empresarial / Financial Markets and Corporate Strategy, Irving/McGraw-Hill.