

Academic Year: ( 2022 / 2023 )

Review date: 08-05-2022

Department assigned to the subject: Business Administration Department

Coordinating teacher: CAMINO BLASCO, DAVID

Type: Compulsory ECTS Credits : 3.0

Year : 1 Semester : 1

## OBJECTIVES

the course focuses on the role of Finance and the main financial decisions taken in a company, namely investments, financial structure and risk management. We analyze the mechanisms of value assessment in the firm, since value creation represents the main target underlying every financial decision. We develop our analysis using some of the main theories of financial economics, such as: investment assessment and valuation, portfolio and risk management. This allows the students to apply some of the main theories of finance in a corporate context.

Being a financial oriented course, in a master in management, it is important to establish the relationship between the financial and the other corporate decisions in the company (e.g. managerial, organizational, strategic, etc.). We will try to achieve this goal, during the course and with the use of real or realistic cases of different projects and companies and how they integrate financial and strategic decisions in the corporation.

Upon completion of the financial part, the student will be able to:

- Identify the main financial decisions of a firm and explain the mechanisms of value creation;
- Make well informed financial decisions in terms of investment and financial decisions and risk management.
- Understand the important interactions between corporate financial decisions and the other managerial decisions.

## DESCRIPTION OF CONTENTS: PROGRAMME

### FINANCE

1. Overview of Finance
  - 1.1 Financial Markets and Institutions
  - 1.2 Building Blocks of Financial Theory
2. Corporate finance
  - 2.1 The Accounting and Financial Functions
  - 2.2 Main Financial Decisions of a Firm
    - 2.2.1 Investment
    - 2.2.2 Financing
    - 2.2.3 Risk Management
3. Investment Decisions
  - 3.1 Static Investment Decisions
  - 3.2 Dynamic Investment Decisions
4. Financial Investments
  - 4.1 Bonds
  - 4.2 Shares
5. Risk and return. Portfolio Management
  - 5.1 Markowitz
  - 5.2 CAPM
6. Financing Decisions
  - 6.1 Types and Sources of Financing. Equity and Debt
  - 6.2 Determinants of the Financing Structure (M&M)
7. Risk management and Derivatives
  - 7.1 Futures, Options and other Derivatives
    - 7.1.1 Interest rate derivatives
    - 7.1.2 Currency risk derivatives

## LEARNING ACTIVITIES AND METHODOLOGY

To accomplish our objectives, we will use a variety of learning techniques:

### 1) Lectures

The professor will guide the students in class. Attending the lectures has proven in the past to be especially valuable to students to understand the different concepts and take full advantage of the course.

### 2) Reading material

The lectures will be complemented with additional reading material and cases to solve in group. The additional reading material will help you in understanding the concepts developed in the lectures, and will deepen substantially your knowledge about the different topics that we cover

### 3) Group Work

Students will work in groups in a major group project. In the group project they will apply the knowledge obtained in the lectures to a real case.

### 4) Exam

The exam will test that students have been working properly in the case. This will avoid free riding problems (or at least penalize free riders).

### 5) Individual Participation

Active participation in the class is an essential part of the learning experience. You are expected to contribute during the lecture sessions. As well as each student will do a midterm exam individually.

### 6) Questionnaires

The exercise sheets are not assessed as the exam and the cases, the questionnaires intend to make you review and internalize the main concepts and ideas discussed in every session and prepare you for the type of question that may be asked in the exam.

## ASSESSMENT SYSTEM

50% Final Exam

50% Midterm Exam and Homework

<b>% end-of-term-examination:</b>	50
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<b>% of continuous assessment (assignments, laboratory, practicals...):</b>	50
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## BASIC BIBLIOGRAPHY

- Brealey, Myers, Allen Principios de Finanzas Corporativas, 11/e., McGraw-Hill, 2015
- Zvi Bodie, Alex Kane and Alan Marcus Essentials of Investments, 10/e edition, McGraw-Hill Irwin., 2017

## ADDITIONAL BIBLIOGRAPHY

- Stephen Ross, Jeffrey Jaffe, and Randolph Westerfield Essentials of Corporate Finance, 9/e edition, McGraw-Hill, 2017