

Centre: Barcelona

Course: **Corporate Finance**

Programme: Business, Design and Innovation

Semester: 1 and 2 (Fall and Spring)

ECTS credits: 6 ECTS

Duration: 45 hours

Language of Instruction: English

Instructor: Igor Razdorskii

### **Course Description**

As business projects need to be viable and profitable and every decision a business makes has financial implications, it is of great importance that managers know and understand the foundations of finance in today's business environment.

This course is designed to introduce students to the basic and fundamental issues of modern finance with an emphasis on applications that are essential for corporate managers. This course deals primarily with a firm's investment and financing decisions made by corporate managers both within the firm and in their interactions with investors and capital markets. It also introduces students to capital budgeting techniques and valuation methods to enhance decision-making in corporate finance. Financial valuation and analysis is also covered.

### **Prerequisites**

None

### **Attendance policy**

Attendance is mandatory for all classes, including study visits. Any exams, tests, presentations, or other work missed due to student absences can only be rescheduled in cases of certified medical or family emergencies. If a student misses more than three classes in the course half a letter grade will be deducted from the final grade for each additional absence. Seven absences from the course will result in a Fail grade.

## **Objectives**

- to know and understand the functions of a CFO in today's business environment.
- to understand important concepts and techniques used by corporate finance professionals
- to understand analyse the major financial decisions
- to explain how investment decisions are made using capital budgeting decisions
- to apply financial knowledge to many practical situations in business context
- to know how to perform corporate valuation

## **Learning outcomes**

By the end of the course, students will be able to:

- understand and analyse corporate financial statements in order to evaluate a company's financial and economic situation.
- elaborate budgets according to different conditions and situations.
- analyze sources of financing in different environments.
- analyze investments in different environments.
- know financial rules and value financial transactions.
- evaluate learning processes according to plans and objectives set out.
- knowing how to use the ICT environment in the financial field.
- collect data and information to arrive at results and conclusions.
- asses the risk and return of assets.
- value a target company from the point of view of an acquirer.

## **Method of presentation**

Experiential learning will be mostly used during the course although some theoretical background will be provided to learn and understand concepts. Lectures with appropriate visual support will provide the theoretical content of the sessions which will be followed with practical sessions in which real problems will be presented and solved.

Class discussions will facilitate the students' ability to connect lectures with practical cases, Students are expected to actively participate in class activities (discussions and debates, problem-solving exercises, etc.).

It is recommended that students dedicate a few hours of personal work each week to consolidate the knowledge acquired in class.

Professional and academic articles on finance will be provided and evaluated.

Some active professionals will also be invited in class so that students may learn from them and be able to ask questions.

Field Study: Fieldtrips related to course contents will be organised to put into practise the concepts exposed in class.

## Required work and assessment methods

- Attendance and participation: 20% of the final mark.

Individual active participation in discussions, oral presentations and team work. The positive and proactive attitude of the student will be encouraged and valued by the instructor throughout the course.

- 2 Group Projects (groups of 3 people): 40% of the final mark
- Mid-term Test: 20% of the final mark
- Final exam: 20% of the final mark

## Contents

### Topic 1: Introduction to Corporate Finance

- 1.1. Introduction to financial management
- 1.2. Characteristics of the financial cycle
- 1.3. Concepts of investment and financing
- 1.4. Introduction to Financial Risk Management

### Topic 2: Financial Analysis

- 2.1. Introduction for financial statements
- 2.2. Ratio analysis, including profitability analysis, ROE, ROI and management levers to enhance it

### Topic 3: Financial modelling in Excel

- 3.1. Main tools and techniques to create financial models
- 3.2. Financial planning and forecasting, including scenario and sensitivity analysis

### Topic 4: Company Valuation

- 4.1. Introduction to valuation
- 4.2. Fundamental / Intrinsic valuation: DCF, CAPM, WACC, Terminal Value
- 4.3. Market valuation: Multiples
- 4.4. Integration of Sustainability & ESG into Valuation

### Topic 5: Private Equity

- 5.1. Introduction to Private Equity
- 5.2. LBO analysis
- 5.3. Venture Capital analysis

### Topic 6: Strategic Finance & Value Creation

- 6.1. Investments vs. Divestments
- 6.2. Mergers & Acquisitions

### Topic 7: Distressed Asset Management

- 7.1. Common strategies of working with distressed assets
- 7.2. Recovery Rate methods

### **Recommended reading**

Berk, Jonathan; Demarzo, Peter. (2019). *Corporate Finance* Global Edition, 5th Edition. Pearson-Prentice Hall.

Bodie, Zvi; Kane, Alex; Marcus, Alan, J. (2023) *Investments* (thirteen edition). McGraw-Hill.

Breadley, Richard A.; Myers, Stewart C.; Marcus, Alan J. (2007). *Fundamentals of Corporate Finance*. McGraw-Hill.

Breadley, Richard A.; Myers, Stewart C.; Allen, Franklin (2019). *Principals of Corporate Finance*. McGraw-Hill.

Brigham, Eugene F.; Houston, Joel F. (2021). *Fundamentals of Financial Management*. Cengage Learning.

Additional bibliography and Internet links will be provided in class by lecturers.