

Departament d'Economia de l'Empresa

Subject

<p><b>CORPORATE FINANCE / DIRECCIÓ FINANCERA (25054 – 13,5 credits)</b> (advanced core course Business Administration / troncal de segon cycle ADE)</p> <p><b>FINANCIAL MANAGEMENT / GESTIÓ FINANCERA (25051 – 6,75 credits)</b> (elective subject Economics / optativa ECO) Same contents as in the first semester of Corporate Finance)</p>
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Course	Cycle	Semester	Subject	Subject code
2009-2010	2 <sup>nd</sup>	October -January February - May	Corporate Finance	25054
2009-2010	2 <sup>nd</sup>	October -January	Financial Management	25051

Group	Lecturers	Group	Lecturers
04 / 60	T. Bosch, J. Montllor	52	M. Cayon
13 / 14	S. Bou, M. Cayon	54	1 <sup>st</sup> sem. in <u>English</u> : M.A.Tarrazón 2 <sup>nd</sup> sem. in <u>English</u> : S.Bou, J. Montllor

- *Students are requested to attend lectures and to take the examination paper in the group where they are registered.*
- *Examination conditions are identical for all students registered in these subjects.*

**SUBJECT OUTLINE: CORPORATE FINANCE (25054)**

Capital budgeting under certain and risky conditions. Project analysis. Capital structure: means and policies. The cost of capital: Combining risk and return. Capital market models. Fixed-income and common stock pricing. Derivatives pricing. Relationships between firms and financial markets.

**PROGRAMME**

**1<sup>st</sup> semester: Asset Pricing (FINANCIAL MANAGEMENT, 25051)**

**SUMMARY:** Asset pricing, in particular of financial assets traded in capital markets. Consequences for the firm's financial management.

**TOPICS**

1. Types of assets and principles of asset pricing
2. Financial markets and their role in asset pricing
3. Portfolio selection
4. Capital market theory
5. Efficiency in financial markets
6. The value of common stocks
7. Derivatives markets
8. Introduction to option pricing

## MAIN REFERENCES

- BODIE, Z.; A. KANE and A. J. MARCUS. *Investments*. 7<sup>th</sup> edition. New York: McGraw-Hill, 2007.
- BREALEY, R., S.C. MYERS and F.ALLEN. *Principles of Corporate Finance*. 8<sup>th</sup> edition. New York: McGraw-Hill, 2006. Spanish translation: *Principios de finanzas corporativas*. 8<sup>a</sup> ed. Madrid: McGraw-Hill, 2006.
- MALKIEL, B.G. *A Random Walk Down Wall Street*. 9<sup>th</sup> edition. New York: Norton, 2007. Spanish translation: *Un paseo aleatorio por Wall Street*. 4<sup>a</sup> ed. Madrid: Alianza Editorial, 2008.
- MONTLLOR-i-SERRATS, Joan (editor). *Guia d'estudi en xarxa per a l'assignatura Direcció Financera*. Campus virtual de la UAB: <https://cv2008.uab.cat>
- ROSS, S.A.; R.W. WESTERFIELD and J. JAFFE. *Modern Financial Management*. New York: McGraw-Hill, 2008. Previous editions published under the title *Corporate Finance*. 7<sup>th</sup> edition. New York: McGraw-Hill, 2004. Spanish translation: *Finanzas corporativas*, 5<sup>th</sup> edition. Mexico DF: McGraw-Hill, 2001.
- SUÁREZ SUÁREZ, A. S. *Decisiones óptimas de inversión y financiación de la empresa*. 21<sup>a</sup> ed. Madrid: Pirámide, 2005.
- TARRAZÓN-RODON, M.A. and J. MONTLLOR-i-SERRATS: *Study Guide for Corporate Finance and Financial Management*. Campus Virtual. UAB. <https://cv2008.uab.cat>

## COMPLEMENTARY REFERENCES

- BENNINGA, S. *Financial Modeling*. 3<sup>rd</sup> edition. Cambridge, Massachusetts: The MIT Press, 2008.
- BODIE, Z., R.C. MERTON, and D. L.CLEETON: *Financial Economics*. 2<sup>nd</sup> edition. Upper Saddle River, New Jersey: Prentice-Hall, 2009.
- ELTON, E.J.; M.J. GRUBER; S.J.; S.J. BROWN and W.N. GOETZMAN. *Modern Portfolio Theory and Investment Analysis*. 7<sup>th</sup> edition. New York: John Wiley & Sons, 2006.
- HOLDEN, C.W. *Excel Modeling and Estimation in Investment*. Upper Saddle River, New Jersey: Prentice Hall, 2008.
- HULL, J. *Fundamentals of Futures and Option Markets*, 6<sup>th</sup> edition, Upper Saddle River, New Jersey: Prentice-Hall, 2008. Spanish translation: *Introducción a los mercados de futuros y opciones*. 4<sup>a</sup> ed. Madrid: Prentice Hall, 2002.
- SHARPE, W.F.; G.J. ALEXANDER and J.V. BAILEY. *Investments*. 6<sup>th</sup> edition. Upper Saddle River, New Jersey: Prentice Hall. 1999.
- VAITLINGAM, R. *The "Financial Times" Guide to Using the Financial Pages*. 5<sup>th</sup> edition. London: Financial Times-Prentice Hall, 2005.
- VALERO LÓPEZ, F.J. *Opciones en instrumentos financieros*. Barcelona: Ariel, 1988.

## 2<sup>nd</sup> semester: Capital Budgeting Decision Making

**SUMMARY:** Capital budgeting decision making in firms: interaction between the investment project and the financing project. Analysis of the firm's financial function based on the asset valuation principles studied in the first semester.

### TOPICS

1. Capital budgeting decision making: Models
2. Capital budgeting decision making: Criteria
3. Inflation: effects on the investment project and the financing project
4. Risk and uncertainty in capital budgeting decision making
5. Real options
6. Financing sources
7. Introduction to the financial structure of the firm and dividend policy

### MAIN REFERENCES

- BREALEY, R., S.C. MYERS and F.ALLEN. *Principles of Corporate Finance*. 8<sup>th</sup> edition. New York: McGraw-Hill, 2006. Spanish translation: *Principios de finanzas corporativas*. 8<sup>a</sup> ed. Madrid: McGraw-Hill, 2006.
- MONTLLOR-i-SERRATS, Joan (editor). *Guia d'estudi en xarxa per a l'assignatura Direcció Financera*. Campus virtual de la UAB: <https://cv2008.uab.cat>
- ROSS, S.A.; R.W. WESTERFIELD and J. JAFFE. *Modern Financial Management*. New York: McGraw-Hill, 2008. Previous editions published under the title *Corporate Finance*. 7<sup>th</sup> edition. New York: McGraw-Hill, 2004. Spanish translation: *Finanzas corporativas*, 5<sup>th</sup> edition. Mexico DF: McGraw-Hill, 2001.
- SUÁREZ SUÁREZ, A. S. *Decisiones óptimas de inversión y financiación de la empresa*. 21<sup>a</sup> ed. Madrid: Pirámide, 2005.
- TARRAZÓN-RODON, M.A. and J. MONTLLOR-i-SERRATS: *Study Guide for Corporate Finance and Financial Management*. Campus Virtual. UAB. <https://cv2008.uab.cat>

### COMPLEMENTARY REFERENCES

- BENNINGA, S. *Financial Modeling*. 3<sup>rd</sup> edition. Cambridge, Massachusetts: The MIT Press, 2008.
- BODIE, Z., R.C. MERTON, and D. L.CLEETON: *Financial Economics*. 2<sup>nd</sup> edition. Upper Saddle River, New Jersey: Prentice-Hall, 2009.
- CHEW, D.H. (ed). *The New Corporate Finance: Where Theory Meets Practice*. 3<sup>rd</sup> edition. New York: McGraw-Hill, 2000.
- COPELAND, T.E., S.F. WESTON and K. SHASTRI. *Financial Theory and Corporate Policy*. 4<sup>th</sup> edition. Reading, Massachusetts: Addison-Wesley, 2004.
- FINNERTY, J.D. *Project Financing: Asset-Based Financial Engineering*. 2<sup>nd</sup> edition. NovaYork: Ed. John Wiley & Sons, 2007.
- GRINBLATT, M. and S. TITMAN. *Financial Markets and Corporate Strategy*. 2<sup>nd</sup> edition. New York: McGraw-Hill, 2002. (Spanish translation: *Mercados financieros y estrategia empresarial*. Madrid: McGraw-Hill, 2003).
- HOLDEN, C.W. *Excel Modeling and Estimation in Corporate Finance*. Upper Saddle River, New Jersey: Prentice-Hall, 2008.
- PETERSON, P. and FABOZZI, F.J. *Capital Budgeting*. New York: John Wiley & Sons, 2002.
- STERN J.M. and D.H. CHEW (eds.). *The Revolution in Corporate Finance*. 4<sup>th</sup> edition. Oxford: Ed. Basil Blackwell, 2003.

**METHODOLOGY:** Combination of theoretical models, applied exercises and case studies.

**IMPORTANT REMARKS:**

- Students taking **Corporate Finance (25054)** and **Financial Management (25051)** are expected to attend lectures regularly and to work throughout the whole semester (14 weeks per semester).
- Students are requested to attend lectures and to take the examination paper in the group where they are registered. There is an examination paper in English and another in Catalan. Students may answer in Catalan, Spanish or English.
- **Examination takes place the day scheduled by the Faculty: Date and hour are announced before registration. Exams have to be written at the Faculty of Economics and Business Administration of the UAB in Bellaterra. Writing the examination paper is compulsory for all students.**
- The examination paper of the first semester includes questions on Burton Malkiel's *A Random Walk Down Wall Street*.
- In the subjects **Corporate Finance (25054)** and **Financial Management (25051)**, including group 54, a system of *docència tutoritzada* (tutorial teaching according to the UAB) is implemented: Students are requested to solve and deliver exercises individually during the semester. With an active participation of students solutions will be commented in the classroom jointly with a review of the main concepts of each topic. The sequence of exercises and the dates of these sessions will be announced with enough anticipation.
- **Final grade = Maximum** between:
  - examination mark **or**
  - 30% exercises delivered + 70% examination mark, if and only if the mark on the exam is  $\geq 4$ .
- In the annual subject **Corporate Finance** any grade  $\geq 5$  obtained at any examination session is valid during the whole academic year 2009-2010.

**EXAMINATION SESSIONS:**

Session	CORPORATE FINANCE	FINANCIAL MANAGEMENT
February	Examination paper of the 1 <sup>st</sup> semester: 28 <sup>th</sup> January 2010, 14:30 to 17:30	First examination session: 28 <sup>th</sup> January 2010, 14:30 to 17:30
June	First examination session: 23 <sup>rd</sup> June 2010, 16:00 to 20:30 -Examination paper 2 <sup>nd</sup> semester: 16:00 to 18:00 -Examination paper 1 <sup>st</sup> semester: 18:30 to 20:30	Second examination session: 23 <sup>rd</sup> June 2010, 18:30 to 20:30
September	Second examination session: 8 <sup>th</sup> September 2010, 16:00 to 20:30 h: -Examination paper 2 <sup>nd</sup> semester: 16:00 to 18:00 h -Examination paper 1 <sup>st</sup> semester: 18:30 to 20:30 h	

**OFFICE HOURS**

Lecturers	Office hours	Office	Telephone
Teya.Bosch@uab.cat	Dimarts: 11:15 a 13:15 Dijous: 9:30 a 10:30	B1-133	93 581 2262
Silvia.Bou@uab.cat	Tuesday and Thursday 10:30 a 12:00	B1-1104	93 581 4302
Magda.Cayon@uab.cat	1r semestre: dimarts 12:00 a 14:00 i dijous 17:00 a 18:00 2n semestre: dimarts 12:00 a 14:00 i dimecres 15:30 a 16:30	B1-1104	93 581 4302
Joan.Montllor@uab.cat	Tuesday: 12:15 to 13:15		93 581 1269
MariaAntonia.Tarrazon@uab.cat	1 <sup>st</sup> semester: Tu 18:15 to 19:15 and Fr 17:00 to 19:00 2 <sup>nd</sup> semester: Mo 17:00 to 19:00 and We 15:00 to 16:00	B1-1102	93 581 3116