

Academic Year/course: 2022/23

## 27524 - Financing Decisions

### Syllabus Information

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**Academic Year:** 2022/23

**Subject:** 27524 - Financing Decisions

**Faculty / School:** 109 - Facultad de Economía y Empresa

**Degree:** 449 - Degree in Finance and Accounting

**ECTS:** 6.0

**Year:** 3

**Semester:** First semester

**Subject Type:** Compulsory

**Module:**

## 1. General information

### 1.1. Aims of the course

**The course and the expected results correspond to the following approaches and general objectives:**

To understand that an organization is a portfolio of assets traded in financial markets and a reflection of its real assets, being able to identify the structure and its cost of capital in order to appropriately link this financial portfolio with the valuation of the real assets of the organization.

These approaches and objectives are aligned with the Sustainable Development Goals (SDGs) of the 2030 agenda and certain specific goals (<https://www.un.org/sustainabledevelopment/en/>), contributing to some extent to their achievement:

**Goal 4: Quality Education.**

Target 4.3: By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university.

**Goal 8: Decent work and economic growth.**

Target 8.10: Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.

### 1.2. Context and importance of this course in the degree

This compulsory course is constituted as part of the basic training necessary for the student to reach the competencies included in the Finance and Accounting Degree. Specifically, it is a 3rd year course that is taken in the first semester, once the students already have some training in the basic valuation of financial operations. From this starting point, its content is linked to the Finance Module in order to deepen the decision-making in the field of financial management.

This subject is simultaneous in time with the compulsory course Fixed Income and Derivatives and immediately precedes the compulsory course Stock Market and Stock Market Analysis of the second semester of 3rd year, thus becoming a fundamental nucleus to achieve the related learning objectives to the Finance module of the degree.

### 1.3. Recommendations to take this course

There are no prerequisites other than those necessary to enroll in the Finance and Accounting Degree. However, for optimal use of the course, it would be highly recommended that students had appropriately acquired the skills described in the course "Analysis and Assessment of Financial Operations" taught in the 2nd Semester of the 2nd year of the Finance and Accounting Degree. The student is recommended to attend classes, in addition to the face-to-face and non-face-to-face dedication required by the continuous evaluation system that is proposed for those students who wish to follow it.

## 2. Learning goals

### 2.1. Competences

By passing the course, the student will be more competent to ...

**Specific skills**

- To understand the frameworks in which finance and accounting are related individually and jointly with other

functional areas of organizations.

- To participate in advising companies, institutions and investors in the management and administration of financial resources from a comprehensive approach.
- To understand the functioning of financial markets, the institutions that intervene in them, the instruments that are traded in them and their influence on investment and financing decisions.
- To develop the functions related to the areas of investment analysis, financial management and financial risks, auditing, financial and cost accounting and budgetary control of organizations.

### **Transversal skills**

- Capability to solve problems.
- Capacity to make decisions.
- Autonomous reasoning skills.
- To develop collaborative and work attitudes in multidisciplinary or multicultural teams, as well as develop a critical attitude for debate.
- Capacity to adapt to dynamic environments, with a creative and entrepreneurial spirit.

## **2.2. Learning goals**

1. To identify organizations as a financial portfolio reflecting their real assets, being able to properly link both portfolios.
2. To know and assess the main sources of financing for organizations and their interrelation with financial markets.
3. To estimate the cost of capital using different methodological approaches.
4. To make an appropriate valuation of financial assets.
5. To make an appropriate assessment of the real assets and capital projects in which an organization incurs, as well as their involvement in financial decision making.
6. To identify the relevance of the capital structure in financial management.
7. To identify the incidence of mergers and acquisitions in financial decision making.

## **2.3. Importance of learning goals**

The learning goals of this course are very relevant in the Finance and Accounting Degree because an appropriate decision-making of a financial nature is inherent in the development of any activity related to the accounting and financial environment of organizations. Additionally, the growing interrelationship between financial management and the markets requires a greater deepening of the valuation of financial assets traded in them, as well as an appropriate valuation of the portfolio of real assets linked to financial decision-making within an organization.

# **3. Assessment (1st and 2nd call)**

## **3.1. Assessment tasks (description of tasks, marking system and assessment criteria)**

**The student will need to prove that he/she has achieved the expected learning goals by means of the following assessment tasks:**

In the first call, together with the global assessment system, students are offered the possibility of opting for a continuous assessment process. The characteristics of both systems are shown below:

### **Global evaluation**

The evaluation will consist of a global written exam and will be carried out on the official call date set by the center in the exam calendar. This global exam will consist of theoretical and practical questions. Theoretical questions may be open and / or multiple choice and will represent between 4 and 6 points of the final mark of the exam. The practical questions will be in line with the practical cases proposed in class throughout the course and will represent between 4 and 6 points remaining in the final grade of this system.

### **Continuous evaluation**

Continuous evaluation is voluntary and will consist of solving written exams of a theoretical and / or practical nature, close to reality, in which students must apply the knowledge acquired in the theoretical and practical classes of the different learning modules of the course. Along with these written exams, the teacher will propose to the students a series of cases / problems that they will have to solve in work groups or individually.

It is proposed to carry out two written exams: the first at the end of teaching in module I and half of module II of learning; the second at the end of the teaching of the second half of Module II and modules III and IV.

The weight distribution of the different items is as follows:

First written exam: 4.25 points

Second written exam: 4.25 points

2-4 Individual and/or group practical cases: 1.5 points

Total: 10 points

In order to pass the course through this modality of continuous evaluation, the sum of the mark of the two written exams should not be less than 4 out of the 8.5 possible points.

The student who does not opt for continuous assessment or who does not pass the subject through this procedure may go to the global evaluation.

The student who wants to opt to improve the grade obtained in the continuous evaluation may do so by presenting himself/herself at the first call for the global evaluation.

In the second call, the evaluation will be carried out only through the global evaluation system.

Both in the different assessment items of the continuous evaluation and in the global exam, the student must demonstrate an appropriate application of the techniques required to solve the problems raised, as well as an adequate application and relationship of the theoretical knowledge of the course implanted in practical matters. It will not be necessary to obtain a minimum grade in the intermediate tests to opt for the continuous evaluation.

In the practical cases, the adequate application of the theoretical and practical knowledge acquired in the course to real case studies will be valued, as well as an appropriate defense and presentation of the results by the students.

It is planned that all these evaluation items will be carried out in person, but if health circumstances require it, they will be carried out online.

If the evaluation is carried out online, the student may be recorded in any test, and she or he may exercise her or his rights by the procedure indicated in the following link on the REDUCED INFORMATION CLAUSE IN TEACHING RECORDING

MANAGEMENT:

[https://protecciondatos.unizar.es/sites/protecciondatos.unizar.es/files/users/lopd/gdocencia\\_reducida.pdf](https://protecciondatos.unizar.es/sites/protecciondatos.unizar.es/files/users/lopd/gdocencia_reducida.pdf).

The necessary software will be used to check the originality of the activities carried out. The detection of plagiarism or copying in an activity will imply a mark of 0 points in it.

## 4. Methodology, learning tasks, syllabus and resources

### 4.1. Methodological overview

The methodology followed in this course is oriented towards the achievement of the learning objectives. A wide range of teaching and learning tasks are implemented.

The course includes theoretical and practical sessions. The lectures will also include individual and group exercises similar to real cases of study. Students are expected to participate actively in the sessions.

The exercises will be sent to the students before the practical session in order to be worked and solved previously by the students under the supervision of the professor.

Complementary activities of the matter may include small and large group and individual exercises that may have a potential effect on the evaluation of the student.

Classroom materials will be available via Moodle. These include a repository of the lecture notes used in class, the course syllabus, as well as other course-specific learning materials, including a discussion forum.

### 4.2. Learning tasks

The course includes the following learning tasks:

- Lectures.
- Practice session.
- Problem solving sessions.
- Tutorials.
- Assessment tasks.

The teaching methodology is planned to pivot around face-to-face classes. However, if necessary for health reasons, face-to-face classes may be taught online.

### 4.3. Syllabus

The course will address the following topics:

#### PART I. FINANCING THE FIRM

- Financial management
- Debt financing
- Equity financing

#### PART II. ASSET VALUATION AND CAPITAL STRUCTURE

- Valuing financial assets
- Valuing real assets
- Capital structure. Evaluation of projects

### PART III. RELEVANCE OF CAPITAL STRUCTURE

- Modigliani-Miller theorem
- Debt rate and leverage

### PART IV. MERGERS AND ACQUISITIONS

- The information conveyed by financial decisions
- Mergers and acquisitions

#### **4.4. Course planning and calendar**

The academic calendar will be published in the website of the Faculty of Business and Economics. The learning activities will be published in the website (Moodle) of the subject and will be previously presented by the professor.

Further information concerning the timetable, classroom, office hours, assessment dates and other details regarding this course will be provided on the first day of class.