

27524 - Financing Decisions

Syllabus Information

Academic year: 2023/24

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

The main goal of this subject is for the student to understand that an organisation is a portfolio of assets negotiated in the financial markets and a reflection of its real assets, being able to identify the structure and cost of capital in order to appropriately link this financial portfolio with the valuation of the organisation's real assets.

These approaches and goals are aligned with the Sustainable Development Goals (SDGs) of the United Nations Agenda 2030 (<https://www.un.org/sustainabledevelopment/es/>), in particular, the activities planned in the subject will contribute to the achievement of the goals 4.3 of Goal 4 and 8.10 of Goal 8.

2. Learning results

The student, in order to pass this subject, must demonstrate the following results...

1. Identify organizations as a financial portfolio reflecting their real assets, being able to link appropriately both portfolios.
2. To know and value the main sources of financing for organizations and their interrelation with the financial markets.
3. Estimate the cost of capital using different methodological approaches.
4. Appropriate valuation of financial assets.
5. Appropriately value the real assets and capital projects incurred by an organization, as well as its implication in financial decision making.
6. Identify the relevance of capital structure in financial management.
7. Identify the impact of mergers and acquisitions on financial decision making.

3. Syllabus

MODULE I. OVERVIEW OF CORPORATE FINANCE

The role of financial management and its relationship with other areas of the organizations

Financing through borrowed funds

Financing through own resources

MODULE II. ASSET VALUATION AND COST OF CAPITAL

Valuation of financial assets

Valuation of real assets

Cost of capital. Decision-making applications

MODULE III. RELEVANCE OF CAPITAL STRUCTURE DECISIONS

Modigliani-Miller and extensions

Level of indebtedness

MODULE IV. MERGERS AND ACQUISITIONS

The information conveyed by financial decisions

Mergers and acquisitions

4. Academic activities

- Theoretical classes.
- Practical classes in which cases proposed by the professor will be solved.
- Tutoring: Students will have individual tutoring and consultation hours with the teachers of their group.

- Individual written tests in which the student must solve theoretical and practical questions of the different learning modules.
- Case studies.
- Evaluation Tests: Students shall be governed by the provisions set forth in the "Evaluation" section

6 ECTS = 150 hours

In principle, the teaching methodology and its evaluation is planned to be based on face-to-face classes . However, if circumstances so require, they may be carried out online.

5. Assessment system

In the first call, a continuous or global evaluation system may be chosen. The student who does not opt for the continuous evaluation or who does not pass the subject by this procedure will be able to go to global evaluation. Students who wish to improve the grade obtained in continuous evaluation may do so by submitting the first call for the global evaluation (keeping the better of the two grades).

Continuous assessment is voluntary and will consist of two written tests with theoretical and/or practical questions (the first one at the end of the teaching of module I and half of module II; the second one at the end of the second half of module II and modules III and IV), and the completion of 2 to 4 practical cases. Each written test will be worth 4.25 points and the case studies, 1.5 points in total. To pass the subject, the sum of the grade of the two written tests must not be less than 4 out of the 8.5 possible points, and the final grade considering the different items must be at least 5 points out of 10.

The **global assessment** will consist of a written test that will take place on the official call date. This global test will consist of theoretical and practical questions. To pass the course it will be necessary to obtain a grade of at least 5 points out of 10.

In the **second call**, only the global evaluation applies.

Assessment Criteria:

{Both in the different continuous assessment tests and in the overall test, the student must demonstrate an appropriate application of the techniques required for the resolution of the problems posed, as well as an appropriate application and relation of the theoretical knowledge of the subject implemented in practical questions.

The practical cases will assess the appropriate application of the theoretical and practical knowledge acquired in the course to real case studies, as well as an appropriate defence and presentation of the results by the students.