

## 80228 - Corporate Finance

### Teaching Guide Information

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**Subject:** Elective

**Teaching language:**

Plenary session: Group 1: English

Group 2: English

Group 3: English

**Number of credits:** 6.0

**Term:** Second quarter

### 1. Basic description

**Academic center:** Escola Superior de Comerç Internacional

**Degree/Course:** International Business Programme

**Contact hours:** 45

**Total number of hours committed:** 150

**Lecturer:** PhD Fede Prats ([federico.prats@prof.esci.upf.edu](mailto:federico.prats@prof.esci.upf.edu))

**Timetable:** [Sigma schedule](#)

**Office hours:** Under requirement

### 2. Presentation of the course

This introductory course into the world of Corporate Finance helps students master the vocabulary of financial statements and accounting reports and equips them with the skills to use these tools to communicate with internal and external interlocutors. It also focuses on how to measure corporate investments and considers the different finance resources that are currently available.

The course covers several different areas:

After introducing the basic concepts of financial accounting, students analyse and interpret financial statements using different methods to assess company trends.

Another important skill is calculating the present and future value of money and understanding all the components of interest rates. These concepts will be essential for calculating rates of return and evaluating all the decisions in capital budgeting.

Students will be able to manage corporate working capital and forecast financial statements. From this information, they can estimate future cash flows and perform a company valuation.

### 3. Educational and learning process outcomes

General competences	Specific competences
Instrumental competences	Disciplinary competences
G.I.2. Ability to relate concepts and knowledge from different areas.	E.D.10. Introduce basic financial concepts and analytical techniques and introduce their application to international transactions.
G.I.4. Ability to tackle and solve problems.	Professional competences
G.I.5. Ability to take decisions in complex and changing environments.	E.P.1. Ability to understand the decisions taken by economic agents and their interaction in the markets.
G.I.8. Oral and written competence in communicating in English.	

<p>General personal competences</p> <p>G.P.1. Ability to adapt, lead and work in a group that is multicultural, interdisciplinary, competitive, changing and complex in nature.</p> <p>G.P.3. Moral commitment and ethical sense.</p> <p>Generic systemic competences</p> <p>G.S.3. Ability to think globally.</p> <p>G.S.4. Entrepreneurial capability.</p> <p>G.S.5. Ability to learn on one's own.</p> <p>Competences for applicability</p> <p>G.A.1. Ability to apply acquired knowledge and skills.</p> <p>G.A.2. Ability to use quantitative criteria and qualitative insights when taking decisions.</p> <p>G.A.3. Ability to search and exploit new information sources.</p>	<p>E.P.2. Ability to analyse economic and market indicators when taking decisions within the organisation.</p> <p>E.P.9. Ability to assess and discuss an organisation's economic and financial position.</p> <p>E.P.17. Ability to express and understand spoken and written communication in English at an advanced level in the international business environment.</p> <p>E.P.24. Develop the ability to synthesise.</p>
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#### Learning outcomes

Students will be able to understand and analyse corporate financial statements in order to evaluate a company's financial and economic situation.

*The competences, the learning outcomes, the assessment elements and the quality of the learning process included in this Teaching Plan will not be affected if during the academic trimester the teaching model has to switch either to an hybrid model (combination of face-to-face and on-line sessions) or to a complete on-line model.*

## 4. Contents

### PART 1: BASICS IN FINANCIAL ACCOUNTING

- 1.1. Accounting Equation and Accounting Cycle
- 1.2. Comprehensive Chart of Accounts
- 1.3. Main Financial Statements
  - 1.3.1. Balance Sheet
  - 1.3.2. Income Statement
  - 1.3.3. Statement of Owner's Equity
  - 1.3.4. Cash Flow Statement
- 1.4. Main Differences between IFRS and USGAAP

### PART 2: TIME VALUE OF MONEY

- 2.1. Future Value and Present Values
- 2.2. Annuities
- 2.3. Perpetuities
- 2.4. Uneven Cash Flows

### PART 3: BASICS OF CAPITAL BUDGETING

- 3.1. Net Present Value
- 3.2. Internal Rate of Return
- 3.3. Modified Internal Rate of Return
- 3.4. Payback Period

### PART 4: COST OF CAPITAL

- 4.1. Weighted Average Cost of Capital (WACC)
- 4.2. Basic Definitions
- 4.3. Factors that Affect the WACC

### PART 5: INTEREST RATES

- 5.1. The Cost of Money
- 5.2. Determinants Of Market Interest
- 5.3. The Term Structure of Interest Rates

#### PART 6: RISKS AND RATES OF RETURN

- 6.1. Risk-Return Trade-Off
- 6.2. Stand-Alone Risk
- 6.3. Risk in Portfolio Context(CAPM)
- 6.4. Relationship between Risk and Rates of Return

#### PART 7: FINANCIAL STATEMENTS ANALYSIS

- 7.1.Horizontal Analysis
- 7.2.Vertical Analysis
- 7.3.Ratio Analysis
  - 7.3.1. Liquidity
  - 7.3.2. AssetManagement
  - 7.3.3. Debt Management
  - 7.3.4. Profitability:Margin, ROA,ROI and ROE
  - 7.3.5. DuPont Analysis

#### PART 8: WORKING CAPITAL MANAGEMENT

- 8.1. Current Assets Investing and Financing Policies
- 8.2. Cash Conversion Cycle
- 8.3. Cash Budget
- 8.4. Inventories and Accounts Receivable
- 8.5. Accounts Payable and Bank Loans
- 8.6. Accruals

#### PART 9: COST ACCOUNTING

- 9.1.Direct and Indirect Costs
- 9.2.Variable and Fixed Costs
- 9.3.CostsAllocation
- 9.4.Break-Even Point

#### PART 10: CASH FLOW MANAGEMENT

- 10.1.Improving Cash Flow Management
- 10.2.Free Cash Flow
- 10.3.The High Profit/Cash Paradox

#### PART 11: CASH FLOW ESTIMATION AND RISK ANALYSIS

- 11.1.Conceptual Issues in Cash Flow Estimation
- 11.2.Analysis of an Expansion Project
- 11.3.Replacement Analysis

#### PART 12: FINANCIAL PLANNING AND FORECASTING

- 12.1. Sales Forecast
- 12.2. Forecasted Financial Statements
- 12.3. Analysing the Effect of Changing Ratios

#### PART 13: COMPANY VALUATION METHODS

- 13.1. Qualitative valuation methods
- 13.2. Quantitative valuation methods
  - 13.2.1 Intrinsic valuation methods: DCF, NAV
  - 13.2.2 Comparables valuation: Multiples

### 5. Assessment

The final grade will be determined based in 20% Working Activities, 30% Mid Term Exam, 10% Group Presentation and 40% Final Exam, as detailed in the Learning Plan

**Total or partial copy and/or plagiarism will imply a failure in the subject with a final grade of zero points and no access to the make-up exam. According to the academic regulations specified in the Disciplinary rules for students of Universitat Pompeu Fabra, other additional sanctions may apply depending on the seriousness of the offence.**

In case of divergence between the evaluation criteria established in the Learning Plan and the Teaching Guide, those established in the Learning Plan will prevail.

## **6. Sustainable Development Goals**

SDG 4: QUALITY EDUCATION

SDG 5: GENDER EQUALITY/IGUALTAT DE GÈNERE/IGUALDAD DE GÉNERO

SDG 8: DECENT WORK AND ECONOMIC GROWTH