



## COURSE DATA

### DATA SUBJECT

**Code:** 35833

**Name:** Corporate finance

**Cycle:** Undergraduate Studies

**ECTS Credits:** 4.5

**Academic year:** 2025-26

### STUDY (S)

Degree	Center	Acad. year	Period
1313 - Degree in Business Management and Administration	Facultat d'Economia	4	First quarter
1330 - Degree in Business Management and Administration (Ontinyent)	Facultat d'Economia	4	First quarter
1926 - Double Degree Program Tourism and BMA	Facultat d'Economia	5	First quarter
1926 - Double Degree Program Tourism and BMA	Facultat d'Economia	5	First quarter

### SUBJECT-MATTER

Degree	Subject-matter	Character
1313 - Degree in Business Management and Administration	Management tools and skills	ELECTIVES
1330 - Degree in Business Management and Administration (Ontinyent)	Herramientas y Habilidades Directivas	ELECTIVES
1926 - Double Degree Program Tourism and BMA	Asignatura optativa de quinto curso	ELECTIVES
1926 - Double Degree Program Tourism and BMA	Asignatura optativa de quinto curso	ELECTIVES

### COORDINATION

IBAÑEZ ESCRIBANO ANA MARIA

## SUMMARY

*Corporate Finance* is an optional subject included in the mention of Creación y Dirección de Empresas of 4.5 ECTS. The subject is located within the matter of Tools and Management Skills along with the subjects of Statistical Conduct, Legal Regime of the Government of the Mercantile Societies, Directive Accounting and the theory of Equipment and Cooperative Games. Within the temporary distribution of the subjects in the degree of Administración y Dirección de Empresas is located in the first semester of the fourth year.

The students of the degree in Administración y Dirección de Empresas have studied the subject of Theory



of Investment during the second semester of the second year and during the first semester of the third year the subject of Theory of Finance with which they should have developed a series of skills and competences that enable them to advance in more specific knowledge within the Financial Economy and more specifically in Corporate Finance.

In the mention of Creation and Management of Companies, the role of the Corporate Finance subject is key since it is essential to know the theories that support the making of efficient decisions from the financial point of view.

It is obvious to point out that nowadays finance is becoming more relevant in the field of the economy in general and in the field of the company in particular and that making efficient decisions from the financial point of view today is presented as a requirement essential for the survival of the company. Therefore, any company needs professionals in the financial field capable of making the best decisions.

Without detracting from the importance that professional experience has in the financial management of the company, it is essential to be able to respond to the changes to know the basic theories that concern finance. The knowledge, skills and competences acquired in the core are general and basic for any graduate in Administración y Dirección de Empresas, but to perform certain tasks and specifically in the field of business creation and management is essential to deepen and expand the knowledge, skills and competences in the context of Corporate Finance.

Thus, based on the basic knowledge already taught in the core business, the context of the cost of capital and its estimation will be deepened. We study the theory of the efficient market, its empirical evidence and the anomalies as well as the new explanations offered based on the behavior of the investor. The knowledge already acquired on the financial structure is broadened by incorporating the theory of the hierarchical arrangement of financing options and the main results that emerge from the theory of the agency and the incorporation of asymmetric information. In the same line, the decisions on dividend payments are deepened. The process of business restructuring is studied, specifically the mergers of companies and their determinants. Likewise, it contemplates the possibilities of growth of the company from the options to issue financial assets and to join the Stock Exchange.

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## PREVIOUS KNOWLEDGE

### RELATIONSHIP TO OTHER SUBJECTS OF THE SAME DEGREE

There are no specified enrollment restrictions with other subjects of the curriculum.

### OTHER REQUIREMENTS

In order to carry out an adequate learning of the contents of this subject, the student must know the contents already taught in the subjects of Investment Theory and Theory of Finance.

## COMPETENCES / LEARNING OUTCOMES

### 1313 - Degree in Business Management and Administration



Acquire interdisciplinary knowledge of the company and its social, economic, institutional and legal environment, and of the basic elements of the management process, such as organisation and administration, accounting, taxation, operations, human resources, marketing, financing and investment.

Be able to adapt to new situations.

Be able to analyse and search for information from different sources.

Be able to apply analytical and mathematical methods for the analysis of economic and business problems.

Be able to carry out strategic diagnoses in complex and uncertain environments using the appropriate methodologies to resolve them.

Be able to contribute positively to raising awareness of environmental and social issues and to overcoming all forms of discrimination, as essential factors for economic development and poverty alleviation.

Be able to coordinate activities.

Be able to express oneself in formal, graphic and symbolic languages.

Be able to learn autonomously.

Be able to make decisions.

Be able to make decisions under certainty and uncertainty environments.

Be able to negotiate and reconcile interests effectively.

Be able to prepare and interpret accounting information, both financial, for external users, and internal, for management control and decision making.

Be able to solve financial valuation problems, both for financing decisions and for business investment, in the national and international environment.

Be able to solve problems.

Be able to transmit and communicate complex ideas and approaches to both specialised and lay audiences.

Be able to use English in a professional environment.

Be able to use ICTs in the field of study.

Be able to work in a team.

Be familiar with financial problems in specific contexts (SMEs, family businesses, etc.).

Demonstrate capacity for analysis and synthesis.

Demonstrate oral and written communication skills in the native language.



Have critical and self-critical capacity.

Have organisation and planning skills.

Know the different financing instruments and be able to determine the company's indebtedness policy.

Know the different shareholder remuneration policies and their effects on the value of the company.

Manage time effectively.

Show creativity.

Understand the concept of market efficiency and its implications for company financing.

## DESCRIPTION OF CONTENTS

### 1. 1 Estimation of the cost of capital. Estimating the equity cost of capital

The concept of the firm cost of capital is introduced, distinguishing it from the opportunity cost used in capital budget decisions and that of a comparable company.

Based on the aforementioned concepts, we begin with the study of the estimation of the cost of capital of equity from the CAPM model, including the details of how to identify the market portfolio and the estimation of the market risk premium and betas.

### 2. 2 Estimation of the cost of capital. The cost of capital of the debt.

Continuing with what has been studied and in order to estimate the cost of capital of the company, the estimation of the cost of capital of the debt is studied, considering the credit risk.

Based on the cost of capital of equity and the cost of debt, the calculation of the cost of leveraged capital and the weighted average cost of capital is introduced, illustrating their use in the valuation of investment decisions.

### 3. 3 Business strategy and investment decisions. Agency problems. Ethics and social responsibility

The most practical aspects of capital budgeting are studied. Some errors are highlighted when interpreting the net present value, specifically the consideration of market value and the concept of economic rent that underlies all positive NPVs. Agency problems in capital budget design, incentives, and performance measures are also studied. This topic introduces the concept and importance of ethics and social responsibility in the financial field and the concept of non-financial information.

### 4. 4 Capital market efficiency and investor behavior.



Students are introduced to the Theory of Efficient Markets, studying the concept of efficient market, empirical evidence on such efficiency and the anomalies found, as well as the main contributions in this topic of behavioural finance

5. Financial Structure: Financial difficulties, management incentives and information. Business Operations

The study of the optimal financial structure already started in the core of the degree is completed, incorporating the possibility of incurring financial difficulties, asymmetric information, the theory of exchange and that of hierarchical choice.

In addition, the concepts of business growth through equity and IPOs are introduced, as well as the main business restructuring processes

## WORKLOAD

### PRESENCIAL ACTIVITIES

Activity	Hours
Theory	30,00
Classroom practices	15,00
<b>Total hours</b>	<b>45,00</b>

### NON PRESENCIAL ACTIVITIES

Activity	Hours
Attendance at other activities	2,00
Individual or group project	4,50
Independent study and work	23,00
Preparation of lessons	14,00
Preparation for assessment activities	15,00
Resolution of case studies	9,00
<b>Total hours</b>	<b>67,50</b>

## TEACHING METHODOLOGY

During the course, the contents of the program will be worked on simultaneously with theoretical and practical ones.

The theoretical classes will be taught with the methodology of the lecture, in which the teacher will detail the fundamental aspects of each topic and explain the most relevant concepts by facilitating the study of it through the indicated bibliography, to which the student must go to complete and deepen the subject, and the material prepared for this purpose.



The practical classes will consist on the consideration of questions and exercises of applied character that have been previously raised in the theoretical classes, and certain program topics will be studied due to their eminently practical content.

When solving the questions and exercises, the student must actively participate in the development of the activity discussing the solution, and using the appropriate computer techniques to solve them.

In addition to these face-to-face activities, the student must carry out other activities oriented to autonomous learning, such as individual study, the preparation of assessment activities, or individual or group work. For the successful completion of these activities, tutoring, done either individually or in groups, is a particularly important teaching resource since it allows the teacher to know the level of progress of the group, and the student personalized orientation in its training program.

Consequently, throughout the formative period of the subject is recommended and encourages the use of this teaching resource.

The virtual classroom, <http://pizarra.uv.es> facilitates the development of these methodologies, since it includes all the teaching material and allows a fluid contact between teacher and student

## EVALUATION

The evaluation will be based on:

- A single written exam in the period that the center schedules. This exam will include all the content.
- The continuous evaluation will be based on any or all of the following points:
  - Attendance to class and participation in them.
  - Attendance at conferences related to the topics of study.
  - Activities carried out during the training period: exercises, problems and cases.
  - Individual and/or team work.
  - Evaluable written tests done in class.

The assessment test will represent 65%-90% of the final grade and the evaluation will continue 35%-10%.

In any case, to pass the subject it will be needed to obtain a minimum score of 5 out of 10 and in the test or evaluable subtest you must also obtain a minimum score of 5 out of 10. In the case of not passing the



evaluable test the maximum score that you will be able to get will be 4.5.

In order for the proposed activities and tasks to be evaluated, they must be submitted on the date and manner stipulated for each of them.

In the second call the same evaluation criteria will be used as in the first

## REFERENCES

- BERCK, J, P. DEMARZO (2008): Finanzas Corporativas. Pearson.
- BERCK, J, P. DEMARZO y J. HARDFORD (2010): Fundamentos de Finanzas Corporativas. Pearson.
- COPELAND, TE, JF. WESTON y K. SHASTRI: Financial Theory and Corporate Policy. Pearson, 2005
- GÓMEZ, AR, PIÑOL, JA, REIG, A, RODRIGO, A (2006): Teoría de la Financiación II. Pirámide.
- <http://cibisoc.blogs.uv.es/>
- PECK, SW (2011): Investment Ethics. Wiley
- BREALEY, R.; S. MYERS y F. ALLEN (2020): Principios de Finanzas Corporativas. McGraw-Hill. Madrid.
- BERCK, J, P. DEMARZO, P.(2024): Corporate Finance. Pearson
- BERK, J; DeMARZO, P.; HARDFORD, J (2024): Fundamentals of Corporate Finance (6th edition). Pearson