COURSE DATA

DATA SUBJECT

Code: 35945
Name: Corporate Financing
Cycle: Undergraduate Studies
ECTS Credits: 6
Academic year: 2026-27

STUDY (S)

Degree	Center	Acad. year	Period
1315 - Degree in Finance and Accounting	Facultat d'Economia	3	First quarter

SUBJECT-MATTER

Degree	Subject-matter	Character
1315 - Degree in Finance and Accounting	Foundations of corporate finance	COMPULSORY

COORDINATION

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SUMMARY

Corporate financing is a 6 ECTS credit compulsory subject located in the Finance module and, within it, in the subject of Fundamentals of Corporate Finance. Within the temporary distribution of the subjects in the degree in Finance and Accounting it is located in the first term of the third year.

This subject is the logical continuation of the subject *Analysis and valuation of business investment*, which is taught in the second term of the second year in the same grade. Once the study of the decisions of the company in the field of productive investments in this last subject has been addressed, in *Corporate Financing* the financing sources available to the company to carry out said investments and its consequences in the company's value are studied. For this, first, basic concepts are introduced, such as the differentiation between internal and external financing, the financing methods available to the company based on its size, the different types of assets available to the company to obtain funds and the characteristics of the markets to which you can go in search of financing. Next, we analyse the impact that the financing decision has on the value of the company, both in terms of whether or not it is indifferent to the use of own or third-party resources, and how to remunerate the company owners, since this decision affects the volume of internal resources available in the future. Finally, the relationship between investment decisions and financing regarding the creation of value in the company is studied, objective raised in the subject *Analysis and valuation of business investment* as the one that should be pursued by any company.

The contents that are dealt with in the subject *Corporate Financing* are closely related to the subject

Financial planning and management (first term of the fourth year) and to the study of the financial markets that is approached in the subject of Markets and Financial Assets, formed by the subjects Markets and Assets of Variable Income (first term of the third year) and Markets and Assets of Fixed Income (second term of the third year).

For the development of the concepts of the subject the student must have a series of knowledge and tools acquired in the subjects *Financial Accounting I* (second term of the first year), *Financial Accounting II* (second year), *Financial Mathematics* (first term of the second year) and *Analysis and valuation of business investment* (second term of the second year).

As already mentioned above, the central axis of this subject is the financing decision of the company, both in the aspect related to the instruments available and the effect on the value of the company is the same. To do this, we initially divided financing sources into two main groups: internal sources (also called "self-financing" and sources external to the company).

After analysing the self-financing of the company and the effects that derive from it, the Spanish financial system is presented as a preliminary step to address the study of financing sources external to the company.

For methodological reasons, it is first of all external financing related to the issuance of securities by the company, both those that are representative of the property of the company (shares) and those representative of debt (obligations). In addition, the markets in which these types of securities are issued and the procedures for this are studied. Secondly, the credit market is analysed, that is, external financing that is not represented in securities, both in the short term and in the long term. Finally, given its importance in the economy, we devote our attention to a series of instruments specifically designed for financial support to SMEs.

Once presented the financial sources of the company, we focus on the effect that the financing decision has on the value of the company. To do this, different theories that aim to relate the degree of indebtedness of the company to its value are studied. In this context there is the impact of the shareholders compensation decision (dividend policy) since the decision of the amount and the form of remuneration affects the future financial capacity of the company.

In order to establish a bridge between investment decisions, studied in the subject *Analysis and valuation of business investment*, and financing decisions, studied in this subject, we analyse how to measure value changes in the company when both decisions are combined.

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 changes in the economic environment to know the basic theories that concern finance. Therefore, it is necessary that students understand why companies and markets behave in a certain way, that is, they need to know the theoretical foundations of investment decision making and financing and how, through these decisions, to increase the market value of the company.

PREVIOUS KNOWLEDGE

RELATIONSHIP TO OTHER SUBJECTS OF THE SAME DEGREE

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

OTHER REQUIREMENTS

No enrolment restrictions have been specified with other subjects of the curriculum.

The prior knowledge that students must possess to successfully face the subject are related to investment decisions, accounting, statistics, and financial mathematics. Specifically, for the development of the concepts of the subject the student must have a series of knowledge and tools acquired in the subjects of Financial accounting I (second term of the first year), Financial accounting II (second year), Financial Mathematics (first term of the second year).

COMPETENCES / LEARNING OUTCOMES

1315 - Degree in Finance and Accounting

CM4FYC 1 Conocer los fundamentos básicos que rigen las operaciones y los mercados financieros.

CM4FYC 2 Capacidad para aplicar correctamente un modelo de valoración común para el análisis de las operaciones financieras de inversión y financiación.

CM4FYC 5 Conocer las diferentes políticas de retribución de los accionistas y sus efectos en el valor de la empresa.

Conocer los instrumentos de soporte financiero para las empresas y sus implicaciones sobre el valor.

DESCRIPTION OF CONTENTS

1. INTERNAL FINANCING OR SELF-FINANCING
1.1. Concept and types of self-financing
1.2. Self-financing of maintenance
1.3. Self-financing of enrichment
1.4. Advantages and disadvantages of self-financing
1.5. Dividend policy

2. THE SPANISH FINANCIAL SYSTEM
2.1. Concept, characteristics and functions of a financial system
2.2. Financial assets
2.3. Financial institutions
2.4. Financial markets

3. EXTERNAL FINANCING: ISSUANCE OF NEGOTIABLE SECURITIES

3.1. Primary or issue market of negotiable financial assets
3.2. Shares: characteristics and typology
3.3. Increases of share capital
3.4. Bonds: characteristics and typology
3.5. Procedures for the issuance of negotiable financial assets

4. EXTERNAL FINANCING: CREDIT MARKET
4.1. Credit market
4.2. Short-term operational debts
4.3. Short-term negotiated debts
4.4. Medium and long-term debts
4.5. Ethical banking

5. FINANCIAL SUPPORT INSTRUMENTS FOR SMEs
5.1. Reciprocal Guarantee Societies
5.2. Venture capital
5.3. Participation debt
5.4. ICO financial support

6. CAPITAL STRUCTURE
6.1. Financing decisions and efficient markets
6.2. The propositions of Modigliani and Miller in perfect financial markets
6.3. Capital structure and taxes
6.4. Optimal capital structure: Trade-off Theory
6.5. Additional consequences of leverage: agency and information costs

7. INTERRELATION BETWEEN INVESTMENT AND FINANCING DECISIONS
7.1. Effect of financing decisions on expected net cash flows and on the discount rate
7.2. The adjusted present value method
7.3. The weighted average cost of capital method
7.4. The shareholder cash flow method

WORKLOAD

PRESENCIAL ACTIVITIES

Activity	Hours
Theory	30,00
Classroom practices	30,00
Total hours	**60,00**

NON PRESENCIAL ACTIVITIES

Activity	Hours
Attendance at other activities	5,00
Individual or group project	0,00
Independent study and work	55,00
Preparation of lessons	0,00

Preparation for assessment activities	0,00
Resolution of case studies	30,00
Total hours	**90,00**

TEACHING METHODOLOGY

Given the size of the groups, in the theoretical classes the basic methodology to use is the master class, although debate and the participation of students in it will be encouraged. The objective is to transmit the theories and models related to the Financial Management of the company, in such a way that students obtain the theoretical bases necessary for the later practical reasoning in financial terms.

In practical classes, problems and cases will arise in the field of the subject with the objective that students are able to synthesise the relevant information and, from this, understand and solve the problems related to the corporate financing decisions of the students.

The practical classes that take place in the computer classroom are complementary to the practices described above. These sessions will allow us to broaden the complexity and realism of the issues addressed through the use of specific programs and technologies.

EVALUATION

In order to evaluate the learning of the subject, a diversified evaluation system will be used, which will make it possible to highlight the knowledge and skills acquired by the students.

On the one hand, a synthesis test (written exam) that will consist of a battery of test questions and practical exercises. With the test type questions, the student's general knowledge of the subject is determined, while the practical exercises are intended to assess the student's ability to synthesise the relevant information and apply the theoretical knowledge to solve the problems posed. In this synthesis test, the maximum grade of each part (theoretical and practical) will be specified and a minimum grade will be required in each of them as a necessary requirement to make the sum of the grades obtained in both parts. The synthesis test will be 80% of the final grade of the subject.

On the other hand, the remaining 20% of the mark will correspond to the continuous evaluation. This will be made up of the note that the students obtain as a result of carrying out various formative and summative activities determined by the teaching staff throughout the course, such as: controls, delivery of tasks and practical exercises, active attendance at a conference, as well as attendance and active attitude of the students in the classroom (this last condition is not mandatory or essential to pass the subject).

The purpose and nature of these continuous assessment tests is to encourage and evaluate the work and progressive and continuous learning of the student throughout the course, as specified in Article 6 point 3 of the Regulation of Evaluation and Qualification of the University of Valencia for degree and master's degrees, which states: "Continuous evaluation is one of the basic criteria of teaching programming, and must be understood as a tool of the teaching-learning process that informs students on their progress and values it". Given the finalist nature of these continuous assessment tests, they will not be recoverable in the first call. However, on second call, they will be recoverable through the synthesis test, which may have a

maximum score of 10 points.

In any case, it will be an essential requirement to have passed the synthesis test for the grade obtained in the continuous assessment to be computed. If it is not pass the subject in the first call, the note of the continuous evaluation will be saved for the second call.

The rating system will be expressed by numerical rating in accordance with the provisions of art. 5 of R.D. 1125/2003, of September 5, which establishes the European system of credits and the system of qualifications in university degrees of an official nature and validity in the national territory.

REFERENCES

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