

**COURSE DATA****DATA SUBJECT****Code:** 44216**Name:** Debt policies and dividends**Cycle:** Master's Degree**ECTS Credits:** 3**Academic year:** 2026-27**STUDY (S)**

Degree	Center	Acad. year	Period
2195 - Master's Degree in Corporate Finance	Facultat d'Economia	1	First quarter

**SUBJECT-MATTER**

Degree	Subject-matter	Character
2195 - Master's Degree in Corporate Finance	Financing	COMPULSORY

**COORDINATION**

RAMIREZ LOPEZ FEDERICO

**SUMMARY**

The subject "Debt and Dividend Policies" is a compulsory subject that gives continuity to several subjects taken in the area of Finance in the different degrees taught at the Faculty of Economics of the University of Valencia

Students who have graduated from other university centres will be provided with the necessary material to take advantage of the contents that will be developed in this module.

This subject will provide the necessary elements of judgment that allow financing decisions to be made in order to maximize the market value of the company, considering all the interest groups that may affect or be affected by its activities (stakeholders). It will analyze why the financial structure and distributed profits vary so much between companies and sectors. The different sources of business risk will be defined: economic risk and financial risk. The impact of the change in the financial structure on the value of the company, the financial risk, the profitability demanded by investors and the weighted average cost of capital will also be explained. In short, the advantages and disadvantages of financial decision-making will be transmitted, such as varying the level of indebtedness of the company or modifying the dividends distributed, so that the final policy adopted is the consequence of properly weighing the different effects it generates: on tax savings, the increase in the costs of financial difficulties and the effect on agency costs between shareholders and executives, and between bondholders and shareholders.

**PREVIOUS KNOWLEDGE**



## RELATIONSHIP TO OTHER SUBJECTS OF THE SAME DEGREE

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

## OTHER REQUIREMENTS

Accounting and financial mathematics.

The basic concepts of the subjects Investment Theory and Theory of Financing taught in the degrees of Business Administration and Finances and Accountant (FyC)

## COMPETENCES / LEARNING OUTCOMES

### 2195 - Master's Degree in Corporate Finance

Actuar en el marco de los Derechos Humanos, los principios democráticos, los principios de igualdad entre mujeres y hombres, de solidaridad, de protección medioambiental, de accesibilidad universal y diseño para todos, y de fomento de la cultura de la paz.

Analizar de forma crítica tanto su trabajo como responsable de las finanzas empresariales, como el de sus compañeros.

Capacidad para preparar, redactar y exponer en público informes y proyectos sobre política económica y economía pública de manera clara y coherente, defenderlos con rigor y tolerancia y responder satisfactoriamente a críticas sobre los mismos.

Construir una actitud proactiva ante los posibles cambios económicos y financieros que se produzcan en el ámbito de su labor profesional como responsable de las finanzas de la empresa.

Distinguir el coste asociado a las distintas fuentes financieras, las principales formas de retribuir a los accionistas y su impacto sobre el valor de la empresa.

Distinguir los fundamentos básicos que rigen la negociación bancaria y los medios financieros a disposición de la empresa.

Habilidades en la negociación y resolución de problemas y conflictos en el ámbito económico-financiero de la empresa.

Integrar en el área financiera de la empresa las nuevas tecnologías en su labor profesional.

Planificar, organizar, controlar y evaluar la puesta en marcha de las diferentes alternativas de financiación de la pequeña y mediana empresa.

Precisar y rentabilizar la política de pagos a proveedores y saber formular y resolver los modelos de gestión de inventarios.

Reinforce the importance of liquidity management as a key element in the normal development of a company's financial activity and be able to establish the optimum level of the firm's treasury.

Seleccionar la política de endeudamiento y dividendos que mejor se adapte a las circunstancias concretas de cada empresa y comprender cómo afectan los conflictos entre acreedores y accionistas a la decisión



sobre la estructura de capital de ésta.

Ser capaz de buscar, seleccionar y valorar información emanada de los distintos agentes del entorno, a través de métodos tradicionales y de las tecnologías de la información y de la comunicación para utilizarla de forma efectiva ante problemas y situaciones relacionadas con las finanzas corporativas.

Students should apply acquired knowledge to solve problems in unfamiliar contexts within their field of study, including multidisciplinary scenarios.

Students should be able to integrate knowledge and address the complexity of making informed judgments based on incomplete or limited information, including reflections on the social and ethical responsibilities associated with the application of their knowledge and judgments.

Students should communicate conclusions and underlying knowledge clearly and unambiguously to both specialized and non-specialized audiences.

Students should demonstrate self-directed learning skills for continued academic growth.

Students should possess and understand foundational knowledge that enables original thinking and research in the field.

Tomar decisiones tanto individuales como colectivas en su labor profesional como responsable financiero de la empresa.

Trabajar en equipo con eficacia y eficiencia tanto en el área financiera como en las otras áreas funcionales de la empresa.

## DESCRIPTION OF CONTENTS

### **TOPIC 1: The financial structure of the company. Risk and leverage.**

- 1.1 Introduction
- 1.2 Capital structure and cost of capital
- 1.3 Economic and financial risk
- 1.4 Total leverage

### **TOPIC 2: Debt policy. The Equilibrium Theory.**

- 2.1 Perfect markets and the effect of corporate tax
- 2.2 The costs of financial difficulties. The Equilibrium Theory
- 2.3 Introduction to agency costs.



### TOPIC 3: Debt policy in practice. Agency Theory and Preference Theory

- 3.1 Agency Theory and financial decisions
- 3.2 Role of the debt decision according to Agency Theory.
- 3.3 Preference Theory.
- 3.4 Determining factors of debt policy.

### TOPIC 4: Introductory aspects of dividend policy.

- 4.1. Introduction.
- 4.2. Shareholder remuneration formulas

### TOPIC 5: Dividend policies and value creation for companies.

- 5.1. SWOT analysis as an investment strategy in companies that distribute dividends.
- 5.2. How to evaluate companies that distribute dividends?
- 5.3. Study of the effect of dividend policies on market value.

### TOPIC 6: Dividend policy signals.

- 6.1. Dividend regularity.
- 6.2. Dividend signals and share buybacks.
- 6.3. Known and unknown aspects of dividend policy.

## WORKLOAD

### PRESENCIAL ACTIVITIES

Activity	Hours
Tutorials	1,00
Theoretical and practical classes	23,00
Group work	6,00
<b>Total hours</b>	<b>30,00</b>

### NON PRESENCIAL ACTIVITIES

Activity	Hours
Attendance at other activities	0,00
Individual or group project	0,00
Independent study and work	0,00



Preparation of lessons	0,00
Preparation for assessment activities	0,00
Resolution of case studies	0,00
<b>Total hours</b>	<b>0,00</b>

## TEACHING METHODOLOGY

Following the indications of the sections dedicated to the Volume of Work, the Syllabus and Time Planning, the development of this subject is structured over 5 weeks, in 10 sessions of 3 hours each. In the sessions, the teacher will develop the main concepts included in the analytical program detailed in this teaching guide.

A model will be used to encourage and value the participation of the student, who will have previously had to prepare the contents of each of the sessions based on the recommended bibliographic references and teaching material provided. With the method applied, the student will analyse, prepare, develop and present, in the terms and dates indicated by the teaching staff, the proposed exercises and practices.

All the referenced material will be available through the VIRTUAL CLASSROOM platform.

## EVALUATION

The evaluation of this symbol will be carried out based on the assessment of the following sections:

1. The performance of activities, exercises and practices in the classroom, as well as participation in class. This part is not recoverable in the second call and will account for 20% of the final grade.
2. The completion of tests corresponding to sessions five and ten, which will account for 80% of the final grade. These tests are eliminatory, so that on the official date each student will be examined for the part(s) not passed.

In order to make the average of the previous marks, you will have to obtain at least 50% of your score in each test of the second section.

Students who do not attend 80% of the sessions will be eligible for a maximum grade of eight about ten. Likewise, the student who does not attend 50% of the sessions will be eligible for a maximum final grade of five points out of ten.

## REFERENCES

- BERK, J.; De MARZO, P. y HARFOR, J. (2010): Fundamentos de finanzas corporativas. Pearson.
- BERK, J.; DeMARZO, P. (2008): Finanzas corporativas. Pearson.
- BREALEY, R.; MYERS, S.; ALLEN, F. (2010): Principios de finanzas corporativas. McGraw Hill.



- EMERY, D.R. y FINNERTY, J.D. (2000): Administración Financiera Corporativa. Prentice Hall
- GOMEZ, A.R.; PIÑOL, J.A.; REIG, A. y RODRIGO, A. (2006): Teoría de la financiación II: OPT, estructura de capital y dividendos. Pirámide.
- GRINBLATT, M. y TITMAN, S. (2003): Mercados Financieros y Estrategia Empresarial. McGraw Hill.
- MARTÍNEZ, E. (2012): Finanzas para Directivos. McGraw Hill
- ROSS, S.; WESTERFIELD, R. y JAFFE, J. (2011): Finanzas Corporativas. McGraw Hill.
- WESTON, J.F y BRIGHAM, E.F. (1993): Fundamentos de Administración Financiera. McGraw Hill.

WEB SOURCES:

- MERCADO DE TÍTULOS <http://www.cnmv.es> <http://www.bolsasymercados.es>
- MERCADO DE RENTA VARIABLE <http://www.bmerv.es>
- <http://www.bolsamadrid.es>
- <http://www.borsabcn.es> <http://www.bolsabilbao.es>
- <http://www.bolsavalencia.es> <http://www.bolsasymercados.es/mab>
- MERCADO DE RENTA FIJA <http://www.bmerf.es> <http://www.aiaf.es>

OTHER SOURCES:

- <http://www.ipyme.org>
- <http://www.ico.es>
- LEGISLACIÓN MERCADO DE VALORES <http://www.boe.es>