

## Corporate Finance

Master in L&M 3E 2023/2024

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## Introduction

The course covers the fundamental concepts and tools of the modern theory of Finance to be used in a rational and sound decision making process that leads to the maximization of value creation. To do so and after the discussion of introductory and transversal topics, it will focus on the Capital Budgeting Decision under certainty and uncertainty, the Financing Decision (choice of Debt and Equity Capital), and the Payout Decision (whether to distribute or retain earnings, and how).

## Goals

This course aims at leading the students to:

- i) understand the true nature of the financial decision making;
- ii) reach an appropriate level of knowledge in relation to the main auxiliary tools of the financial decision making process; and
- iii) acquiring the theoretical background needed to the correct financial decision making.

## Methods

Students have 1 class per day (4 hours) during 10 consecutive working days. Classes will be both theoretical and practical, strongly supported in the discussion of case studies. Cases can be used to introduce theoretical topics or to consolidate them after a brief lecture. Students will also solve problem sets in which discussed concepts are applied in different ways.

## Lecturer

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## Course Contents

1. Introduction to Corporate Finance and Financial Markets
2. Auxiliary Tools
3. The Capital Budget Decision
4. Capital Structure
5. Payout Policy
6. Case Discussion
7. Evaluation

## Assessment

Assessment consists of:

- Case Studies (Group Work Assignments: (50% of the final grade)
- Final Exam (50% of final grade).

## References

The required textbook is:

- Berk and DeMarzo, Corporate Finance, 5<sup>th</sup> Global Edition, Pearson, 2020.

Alternative textbooks

- Principles of Corporate Finance by Brealey, Richard; Myers, Stewart; Allen, Franklin. 13th edition, McGraw-Hill; and
- Corporate Finance, by Hillier, David; Ross, Stephen; Westerfield, Randolph; Gaffe, Jeffrey and Johnson, Bradford. McGraw-Hill, 3rd European Edition.