

Syllabus of Record

Program: CET Barcelona

Course Code / Title: BC/FINA 320 Corporate Finance

Contact Hours: 45

Recommended Credits: 3

Primary Discipline / Suggested Cross Listings: Finance / Business

Language of Instruction: English

Prerequisites / Requirements: Previous coursework in Finance, Accounting or Statistics

Description

This course examines corporate finance through a blend of theory and practical application, focusing on financial analysis, investment decisions, valuation methods, and corporate financial policies. It equips students with essential tools to navigate financial markets, manage capital structure, and assess risk and return, while integrating European and global perspectives. Designed for those with a basic understanding of accounting, mathematics, and statistics, it prepares students to address complex financial challenges in diverse organizational contexts.

Objectives

Through their participation in this course, students will:

- Master Financial Analysis Tools: Interpret and elaborate financial statements, perform analyses, and forecast cash flows to assess a company's financial health.
- Understand Investment Decision Frameworks: Apply discounted cash flow techniques, assess investment criteria, and analyze corporate value creation.
- Examine Risk and Return Dynamics: Evaluate the relationship between risk and return, calculate the cost of capital, and understand their impact on financial decisions.
- Explore Capital Structure and Financial Policy: Learn principles of capital structure, manage debt and equity, and evaluate dividend policies and shareholder value.
- Integrate Sustainability into Financial Decision-Making: Assess the role of sustainable finance and how companies incorporate ESG factors into strategies.
- Navigate Financial Markets and Instruments: Understand financial markets, securities issuance, and the use of instruments like bonds, shares, and options.
- Bridge Theory and Practice: Use case studies and real-world scenarios to apply financial theories to complex organizational challenges globally and in Europe.

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Requirements

Active participation is essential in this course. Students are expected to attend each class and field study course component as outlined in the CET Attendance Policy. Students are expected to read all assigned materials before the relevant class session (approximately 30 pages) and come prepared to participate thoughtfully in class discussions, applying theoretical knowledge to practical situations. All assignments must be submitted via Canvas unless otherwise noted.

Graded assignments include:

- **Participation:** Students are expected to actively participate in class discussions and group activities. This includes sharing insights, asking questions, and engaging with case study discussions and problem-solving exercises. Participation is vital for fostering a collaborative learning environment
- **Homework:** Students will complete three individual assignments:
 - Financial Calculation Exercise 1 – Students calculate and analyze financial statements and forecast cash flows.
 - Financial Calculation Exercise 2 – A valuation case study applying diverse valuation methods.
 - Short Essay (2 pages) – Students analyze a company's strategy and discuss its financial implications.
- **Quizzes:** Two quizzes will assess comprehension of course concepts, each covering one-half of the course content. Format includes: calculation-based problems, multiple-choice questions, and short essay responses.
- **Team project:** A corporate finance group project where teams of 3-4 students analyze a company's financial strategies and present recommendations.
 - Written component: A detailed 15-20 page report including financial analysis, investment decision evaluation, and strategic recommendations.
 - Oral presentation: A 10-15 minute team presentation summarizing key findings.

Grading

Participation (<i>see rubric below</i>)	10%
Homework (3 at 5%)	15%
Quizzes (2 at 20%)	40%
Team project	35%
Written component: 20%	
Oral presentation: 15%	

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Class Participation Grading Rubric

	A – 90-100% Exemplary	B – 80-89% Proficient	C – 70-79% Developing	D – 60-69% Unacceptable	F – 0-59% Missing
Frequency of class participation	Actively contributes 2+ times per meeting	Actively contributes at least 1 time per meeting	Actively contributes at least half of the time during term	Actively contributes less than half of the time during term	Does not contribute
Quality of class participation*	Contribution is always thoughtful, accurate, and constructive, frequently interacting with peers	Contribution is mostly thoughtful, accurate, and constructive, usually interacting with peers	Contribution is somewhat thoughtful, accurate, and constructive, sometimes interacting with peers	Contribution is rarely thoughtful, accurate, and constructive, rarely interacting with peers	Does not contribute or interact with peers
Level of class preparation	Always fully prepared and on task	Mostly prepared and on task	Somewhat prepared and on task	Rarely prepared and on task	Consistently unprepared and not on task

Readings / Resources

Textbook:

Vernimmen, Pierre, Pascal Quiry, Maurizio Dallochio, Yann Le Fur, and Antonio Salvi. *Corporate Finance: Theory and Practice*. 6th ed. Hoboken, NJ: Wiley, 2022.

Additional Sources:

CFI. *CFI Official*. YouTube. Accessed January 30, 2025.

https://www.youtube.com/@CFI_Official/videos.

Damodaran, Aswath. *The Dark Side of Valuation: Valuing Young, Distressed, and Complex Businesses*. 3rd ed. Hoboken, NJ: Pearson, 2018.

Eccles, Robert G., and Alison Taylor. The Essential Link Between ESG Targets & Financial Performance. *Harvard Business Review*, September 14, 2022. <https://hbr.org/2022/09/the-essential-link-between-esg-targets-financial-performance>.

European Central Bank. *Financial Stability Report*. European Central Bank. Accessed January 30, 2025. <https://www.ecb.europa.eu/press/financial-stability-publications/fsr/html/index.en.html>.

Financial Times. EU Should Force Customers to Buy Less Polluting Products, Companies Say. *Financial Times*, December 2024. <https://www.ft.com/content/3db4ee9b-ab5e-489e-8137-3701207f7eb3>

Toward the Long-Term CFO: Perspectives on the Future of Finance. *McKinsey & Company*, December 12, 2019. <https://www.mckinsey.com/capabilities/strategy-and-corporate-finance/our-insights/toward-the-long-term-cfo-perspectives-on-the-future-of-finance>.

Content

Unit 1: Financial Analysis Fundamentals

- Introduction to financial statements and their components.
- Techniques for cash flow analysis and understanding earnings.
- Key concepts in financial analysis and their applications.

Unit 2: Financial Forecasting

- Methods for analyzing profit margins and forecasting trends.
- Evaluating working capital and capital expenditure needs.
- Developing financial forecasts for decision-making.
- *Local Focus*: Case Study – SEAT's Financial Forecasting in the Electric Vehicle Market.

Unit 3: Investment Decision Rules

- Understanding the time value of money and its implications.
- Applying net present value (NPV) and internal rate of return (IRR).
- Identifying and evaluating investment criteria.
- *Local Focus*: Case Study – Field Trip to Barcelona Stock Exchange (Borsa de Barcelona)

Unit 4: Risk and Return

- Exploring the relationship between risk and return.
- Techniques for calculating the cost of capital.
- Applications of risk-return principles in financial decisions.
- *Local Focus*: Case Study – The Rise and Fall of Banco Popular

Unit 5: Valuation Techniques

- Corporate valuation approaches and methodologies.
- Assessing value creation through financial analysis.
- Investment analysis and its strategic implications.

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Unit 6: Capital Structure Policies

- Principles of capital structure in financial management.
- Balancing debt and equity in corporate financing.
- Exploring dividend policies and their impact on shareholders.

Unit 7: Sustainable Finance

- Integrating ESG factors into financial decision-making.
- Exploring the role of sustainable finance in corporate strategy.
- Case studies on implementing green financial policies.
- *Local Focus:* Field Trip – Aigües de Barcelona (AGBAR Tower)

Unit 8: Financial Markets and Instruments

- Overview of financial markets and their structures.
- Characteristics and uses of debt and equity instruments.
- *Local Focus:* Case Study – Catalonia's Green Bonds Initiative

Unit 9: Working Capital and Cash Management

- Effective management of working capital components.
- Techniques for optimizing operational cash flows.
- Approaches to managing financial risks in operations.

Unit 10: Bridging Finance and Strategy

- Integrating corporate finance with strategic decision-making.
- Practical applications of financial theories in real-world scenarios.
- Exploring connections between finance and long-term business goals.

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** Syllabus is subject to minor changes in term-specific syllabus at instructor discretion.*