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CIEE Study Center in Seville, Spain

Course name:	CORPORATE FINANCIAL DECISION MAKING
Course number:	BUSI 3001 SEBS
Programs offering course:	Liberal Arts, Advanced Liberal Arts, Business and Society and Communication, New Media and Journalism Programs
Language of instruction:	Spanish
U.S. semester credits:	3 credits
Contact hours:	45 hours
Term:	Spring 2018

COURSE DESCRIPTION

The subject of this course deals with the world of corporate financial decision making. The course introduces the concepts, tools, and applications of finance and is structured around four general areas: Introduction to Corporate Finance and the role of economic and financial theories and principles in decision-making within the business enterprise; financial statement analysis; capital budgeting decisions and firm valuation; and analysis of financing decisions, cost of Capital and payout policy. The content presented in this course will be also learned through additional reading, study, analysis and classroom discussions. In addition, students will reinforce their learning through the analysis of real word case studies.

LEARNING OBJECTIVES

The material covered allows the participant the opportunity to experience and evaluate the nature of financial decision making and its role in the strategy of the entire firm (special emphasis on the European Companies). Towards the end of the course students will be able to interpret financial information and apply this information in valuation and decision-making and analyze the economic financial viability of a real-live project in a European context.

PREREQUISITES

This course requires a basic understanding of financial accounting and financial mathematics.



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METHODS OF INSTRUCTION

The classes will be led by the professor addressing the aforementioned themes and utilizing computer presentations. Each topic presented in class will follow a similar format: Explanation of theoretical concepts to create a basis for understanding the subject presented; Application of theoretical concepts explained in class using examples from case studies of European businesses; and Workgroup Exercise (3 to 4 people maximum) under the guidance of the professor of case studies presented in each chapter. The students will also have a manual, elaborated by the professor, to compliment readings. When permitting, the professor will also utilize videos relating to the materials and analyze cases of businesses in a global market, making particular reference to European and Spanish businesses. Readings are recommended throughout the semester to reinforce learning, as well as, references made from popular financial publications. One section of the class will focus on Workgroup Exercise projects, whereby students will analyze the economic financial viability of a real project.

The objective of the tutorials will be:

- Further discussion and review of any points of confusion.
- Orientation of other themes of interest.
- The further elaboration of assigned works.

ASSESSMENT AND FINAL GRADE

CIEE classes are not graded on a curve nor is there extra credit work. The final grade will be based upon the following criteria:

Assignments	20%
First Exam	25%
Second Exam	35%
Classroom participation	



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and company visit	10%
Homework	10%

COURSE REQUIREMENTS

Company visit: The professor of this course “Corporate Financial Decision Making” and the CIEE staff will organize a company visit for the students in the class. Attendance is obligatory and an absence will be considered a fault. Please, to know the date for the company visit consult the calendar.

Attendance policy: Students are not allowed to miss class for unjustified reasons. For each unexcused absence, the participation portion of the grade will be lowered. Hence, it will be very difficult to receive a 100 in the class. Please keep this in mind. If a student misses class twice without a valid excuse (a note from a physician in the event of an illness), then the professor will automatically lower the final grade by 5 points (on a 100 point scale) for each class missed thereafter. Students with 6 or more absences will fail the course. Students should arrive to class on time. Arriving more than 15 minutes late for a class will count as an unexcused absence. Please note that an excused absence is one that is accompanied by a doctor’s note: signed stamped and dated. Travelling and/or travel delays are not considered valid reasons for missing class.

*Notes from a physician will only be valid and admitted by the Program Manager if the doctor confirms that the visit could not have been arranged at another time, or that the student was too ill to attend class that day.

Academic Honesty: Students are expected to act in accordance with their university and CIEE’s standards of conduct concerning plagiarism and academic dishonesty. Use of online translators for work in Spanish will result in an automatic failure.

Linguistic Resource Center: It is recommended that students use the LRC



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WEEKLY COURSE SCHEDULE

WEEK 1

Course Overview: Objectives, Methodology and Evaluation criteria. Presentation handouts.
Workbook review.

Section I: Introduction to Corporate Finance

(Slides 1 Academic Workbook)

1. Introduction to the Financial Management.
2. The financial function.

Reading 1: Introducción a las Finanzas Corporativas (Workbook)

3. The objective of Financial Management.
4. Employment in finance
5. Business creation, entrepreneurship, business financing

Reading 1: Introducción a las Finanzas Corporativas (Workbook)

Further Readings: Fundamentos de Finanzas Corporativas (Chapter 1)

Section II: Financial Statements Analysis (Slides. Academic Workbook)

1. Introduction to Financial Statements and to the investment

WEEK 2

2. The description and the dimension of the economic-financial structure. The Balance Sheet.
3. The economic structure (Assets).

3.1 The operating cycle and the Average period of cash

Reading 2: El Funcionamiento Financiero de la Empresa. Los Estados Financieros (Workbook)



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Study Case Section 2 (Workbook): Study Case 1 and 2

3.2 The need for current asset and working capital

3.3 The renovation cycle of fixed assets. The Long-term Cycle.

Cases Study Section 2 (Workbook): Case Study 3

Reading 2: El Funcionamiento Financiero de la Empresa. Los Estados Financieros (Reference Book)

Further Readings: Fundamentos de Finanzas Corporativas (Chapter 3 and Chapter 19)

WEEK 3

Academic Exchange Seminar with local students: real cases analysis about companies creation and firm valuation

Videos about real-live investments and financial decisions.

Project related to the steps in a company creation, investment and financing

4. The financial structure (Liabilities and Equity).

5. The role of taxes and depreciation in Financial Decisions.

Cases Study Section 2 (workbook)

Resolution and discussion in group

Further Reading: Fundamentos de Finanzas Corporativas (Chapter 18 y Chapter 19)

Reading: Finance Journals and Financial Press

WEEK 4

6. Financial rules.

7. The Income Statement.

8. The cash flows statement

Reading 2: El Funcionamiento Financiero de la Empresa. Los Estados Financieros (workbook)

Cases Study Section 2 (Workbook): Case Study 4

Resolution and discussion in group

Section III: Capital budgeting decisions and firm valuation

(Slides 3. Academic Workbook)



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1. Corporate Investing: Concepts and classification of investments
2. The evaluation of investment projects
 - 2.1 Basic premise of valuation
 - 2.2 The financial dimension of an investment
 - 2.3 Evaluating projects and associated problems
 - 2.4 The basic financial operative: time and value of money
 - 2.5 Calculating optimal value

Reading 3: Valuation and Selection of Investments (Workbook)

Case Study Section 3 and 4 (Workbook): Case study

Resolution and discussion in group

Further Reading: Fundamentos de Finanzas Corporativas (Chapter 4)

WEEK 5

3. Criteria used in economic evaluation
 - 3.1 Criteria of Net Present Value (NPV)

Reading 3: Valuation and Selection of Investments (Reference Book)

Further Reading: Fundamentos de Finanzas Corporativas (Chapter 4)

Cases Study Section 3 & 4 (workbook): Case Study 2

Resolution and discussion in group

Questions

WEEK 6

- 3.2 Criteria of Internal Rate of Return (IRR)

Reading 3: Valuation and Selection of Investments (Workbook)

Cases Study Section 3 & 4 (Reference Book): Workgroup Exercise and Case Study

Resolution and discussion in group

Further Reading: Fundamentos de Finanzas Corporativas (Chapter 7)

FIRST EXAM

WEEK 7

3.3 The Payback-Period

3.4 Comparing various criteria

Reading 3: Valuation and Selection of Investments (Workbook)

Cases Study Section 3 & 4 (Workbook): Workgroup Exercise and Case Study 3 Resolution and discussion in group

4. Multiples valuation

4.1 Market ratios: EBITDA and PE ratio

4.2 Price Earnings Ratio and problems

Reading 3: Valuation and Selection of Investments (Workbook)

Cases Study Section 3 & 4 (Workbook): Case Study 2

Resolution and discussion in group

WEEK 8

5. Valuation using the discounted cash flow method

5.1 Free cash flow calculation

5.2 Value of the company calculation

Reading 3: Valoración de Inversiones y Empresas (Workbook)

Cases Study Section 3 & 4 (Workboko): Case Study

Resolution and discussion in group

Section IV: Corporate Financing, capital structure and payout policy

(Slides 3. Academic Workbook)

1. Concept and classification of financing

2. Equity: The issuance of equity, self-financing and grants

Reading 1: Corporate Financing, Capital Structure and Dividends Policy (Workbook), part 1

WEEK 9

3. Long term issues of debts: bonds

4. Financial Banking



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4.1 Loans and Account receivable

4.2 Commercial Discount

Further Reading: Fundamentos de Finanzas Corporativas (Chapter 2)

4.3 Leasing and renting

4.4 Factoring and Confirming

5. Capital Risk and Venture Capital

Reading 2: La financiación en la empresa, estructura de capital y política de dividendos (Workbook), part 2

WEEK 10

6. Cash Management and short term financing

6.1 Surplus investments in Financial Markets

Further Reading: Fundamentos de Finanzas Corporativas (Chapter 19 and 20)

7. The weighted average cost of capital (CMPC)

7.1. Concept and calculation of WACC

7.2 The effective costs of financial resources

Cases Study Section 3 &4 (Workbook): Workgroup Exercise and Case Study

Reading 3: Corporate Financing, Capital Structure and Dividends Policy (Workbook): part 3

Further Reading: Fundamentos de Finanzas Corporativas (Chapter 12)

WEEK 11

8. Capital Structure

8.1 Financial leverage and Profitability of the shareholders

8.2 Profitability and risk

9. Payout Policy

9.1 Types of Dividends

9.2 Payout Policy and the shareholder wealth

Reading 4: Corporate Financing (Workbook)

Cases Study Section 3 & 4 (Workbook): Case Study 3 and 4



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Cases Study Section 3 & 4 (Workbook): Case Study 4

Resolution and discussion in group.

DUE: Practical case study in preparation for exam

WEEK 12

SECOND EXAM

BIBLIOGRAFÍA

- JIMÉNEZ, JL, PEREZ, C y DE LA TORRE GALLEGOS, A., Dirección Financiera de la Empresa: Teoría y práctica. Editorial Pirámide, Madrid, 2015.
- DE LA TORRE GALLEGOS, A Y JIMENEZ NAHARRO, F., Valoración de empresas y Análisis Bursátil. Ed. Pirámide, 2017.
- DE LA TORRE GALLEGOS, A., Lecturas y Casos prácticos sobre “Corporate Financial Decision Making”, Departamento de Economía Financiera y Dirección de Operaciones, Universidad de Sevilla, 2017.
- BREALEY & MYERS & MARCUS, Fundamentos de Financiación Empresarial, Ed. McGraw Hill, Madrid, 2015. 5 Edición.
- BODIE & MERTON, Finanzas. Pearson Educación, México, 2014.
- DURBAN OLIVA, S., Dirección Financiera Ed. McGraw-Hill, Madrid, 2015.
- VAN HORNE & WACHOWICZ, Fundamentos de Administración Financiera, Pearson Prentice Hall, Ed en Español.
- WESTON & BRIGHAM. Fundamentos de Administración financiera. Ed. McGraw-Hill, Madrid.



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Fuentes en Internet:

- Web de la asignatura: <http://www.personal.us.es/atorre>
- Dirección General de la PYME: <http://www.ipyme.org>
- Banco de España: <http://www.bde.es>
- International Finance Corporate (IFC): <http://www.ifc.org>
- Diario económico expansión: <http://www.expansión.com>
- Yahoo España finanzas: <http://es.finance.yahoo.com>
- Standard & Poor: <http://www.standardandpoors.com>
- Diccionarios Financieros:
<http://www.finanzas.com/diccionario/>
<http://www.gruposantander.es/ieb/glosario/glosarioindex.htm>