Course description:

Direcció Financera II (DF II) is the natural continuation of Direcció Financera I (DF I). These courses deal with the two main challenges faced by the financial management of a company: the investment decision, concerning the use of company resources in productive projects, and the funding decision, or of capital structure, which examines how to obtain the money needed to finance the investments. If DF I focused on the analysis of the investment decisions, DF II will focus on the financing decisions.

We first review the basic concepts already studied in DF I: the computation of expected cash flows, the valuation concepts such as the NPV and the IRR; and the necessary adjustments to take into account risk. Then, we should study in detail the methods of financing companies or, in other words, the capital structure. We will investigate the different types of debt financing, contrasting them with the rights and obligations arising from financing via equity (shares). The last part of the course introduces the main valuation methods, which are then used to value company projects and entire companies.

Skills

General skills
- Understand and interpret appropriately written texts of academic type and level.
- Develop the ability of autonomous reasoning with critical distance in controversial issues.
- Having consolidated habits of self-discipline, self-demanding and rigor in the conduct of academic work, as well as in organization and timing.
- Have a proactive approach in the desire to know what is ignored, which is essential in any learning process and in any professional activity.
- Be able to apply with flexibility and creativity the acquired knowledge and to adapt it to new situations and contexts.
- Use the appropriate information in the formulation of proposals and problem solving
- To take decisions in high-risk situations

**Previous skills**

- General knowledge about the functioning of the financial system in general and its role in the economy, with special attention to financial markets
- Knowledge of the main types of financial instruments
- Knowledge of the basic concepts of asset valuation under certainty and uncertainty, techniques about the absence of arbitrage opportunities, mean-variance analysis (material of Financial Economics).
- Knowledge of the basics of investment project analysis for financial management (Financial Management I).

**Specific skills**

- Knowledge of the main factors that influence the financing of the company through its various instruments:
  - internal financing
  - external financing - Debt
  - external financing - Equity
- Knowledge of the main resources available to estimate the risk of existing financial assets or assets that may be issued by the company
- Knowledge of the formal informational content at the time of issuing these financial assets
- Knowledge of the necessary inputs and methods for valuing companies

**General skills**

- Ability to search for relevant information from public sources or business.
- Ability to summarize and communication to the general public of the conclusions of the analysis.
- Teamwork
- Interpretation of the conclusions of the analysis in support of economic and business decisions
TEACHING AND LEARNING ACTIVITIES:

There will be 20 one and a half hour lectures and 6 seminars of one and a half hours distributed over the ten weeks. The module requires the preparation of lectures and seminars through personal study, and the completion of complementary tasks.

Lectures will mainly develop the concepts and methodologies that make up the six items of the course list. These classes are based on the textbook that supports the course, but we have also prepared a set of slides that set out the main material more specifically. Both the textbook and the slides should be the fundamental support for personal preparation before and / or after the lectures. During the lectures, there will be a series of short quizzes on the lecture material as well on a real business case.

The seminars will discuss topics related to the lectures, either the practical aspects of a particular subject or the solutions of the practical exercises. You will be required to prepare and conduct a class presentation. You will also be required to solve problem sets during the seminars. Preparation exercises will be distributed before.

Both presentations and problem sets need to be conducted in groups of 3 or 4 people, which should be the same for the whole course. Students need to inform the professor of the seminars the groups they intend to form by the end of the first week of term (students in groups of less than three members will be allocated to other groups in the second week of the term). Please submit only one solution of each problem set per group. All group members present in class will receive the same score (non-participating group members will receive zero marks).

EVALUATION (Ordinary):

The exam accounts towards 60% of the overall grade and the continuous assessment accounts towards the remaining 40%. The final exam will consist of multiple choice questions (60%) and short exercises (40%). To pass the course, you should obtain a 40% average in the exam. The presentation shall account for 10% of the overall grade and the problem sets to be solved during the seminars for 20%. A further 10% will be devoted to class participation based on the quizzes and active class participation.

UPF students that participate in exchange programmes are subject to the same evaluation criteria. In case you cannot perform any of the activities (final exam, continuous assessment) because of the exchange programme, you should consult the professor (in person or by email)
before the end of the second week of term. If they fail to do so in time, the standard evaluation assessment will be applied.

**EVALUATION (Resit):**

A student that has not passed the course can resit each of the two components according to the following rules. If he/she does not pass the exam, the student can take the resit exam in May (date to be confirmed). If he/she does not pass the continued evaluation, he/she can submit an individual coursework before the resit exam. Students that intend to submit the coursework need to contact the professor to discuss the details as soon as the grades of the ordinary exams are published.

**BIBLIOGRAPHY**

The textbook that will serve as main reference of the course is Berk and P. DeMarzo, Corporate Finance. There are other books such as Grinblatt and S. Titman, Financial Markets and Corporate Strategy; and Brealey, R. A., Myers, S. C., Allen, F. Principles of Corporate Finance that cover the same material. The library has copies available.

**TENTATIVE SCHEDULE**

Lectures

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<th>Class</th>
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<tr>
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<td>Tuesday</td>
<td>Company valuation</td>
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Seminar Subject
1  Problem set 1: Investment Decisions
2  Problem set 2: Capital structure
3  Presentation: Capital structure in practice
4  Problem set 3: Debt financing
5  Problem set 4: Equity financing
6  Problem set 5: Valuation