

Corporate finance

Master's degree in: Financial Management

Subject: Corporate finance

Credits: 6 ECTS

Program: Master in Finance

Modality: On-campus Full-Time

Semester: First

Type: Mandatory

Language of instruction: English

Academic year: 2025/2026

Index

| | |
|--------------------------------------|---|
| 1. Presentation | 3 |
| 2. Program's learning outcomes..... | 3 |
| 2.1. Knowledge..... | 3 |
| 2.2. Skills | 3 |
| 2.3. Competencies..... | 4 |
| 3. Subject's learning outcomes | 4 |
| 4. Contents | 5 |
| 5. Methodology | 5 |
| 6. Grading system | 6 |
| 7. Bibliography..... | 8 |

1. Presentation

In the ever-evolving corporate landscape, mastering the intricate world of Corporate Finance and Mergers & Acquisitions (M&A) is not just a strategic choice; it's a necessity for organizations to thrive and prosper. This course is crafted to provide you with the knowledge and skills essential to navigate the complex financial terrain, empowering you to make appropriate corporate financial decisions that drive financial success. You will be able to explore the realms of corporate finance and M&A, in which these two critical pillars of the business world are intertwined, shaping the financial destiny of organizations.

This course will begin with the foundation of corporate finance, exploring the concept of cost of capital and shedding light on the crucial role it plays in capital budgeting decisions. Key models will be presented aiming to link risk, cost of capital and capital budgeting decisions. We dive into the Modigliani and Miller Theorem, trade-off theory, and the pecking order theory, uncovering the principles that guide the capital structure decisions of successful organizations.

You will learn how valuation techniques adapt when dealing with leveraged firms, ensuring that you can optimize financing choices and create value for shareholders. Different financing options will be presented, from equity financing to debt financing, and other alternative options like leasing, etc. Finally, we will explore various forms of M&A and delve into the intricacies of corporate financial distress and restructuring, as well as the critical due diligence process.

By the end of this course, you will gain comprehensive corporate finance knowledge and strategic insight required to make optimal financial decisions.

2. Program's learning outcomes

The subject-related learning outcomes are distributed as follows:

2.1. Knowledge

- | | |
|-------|---|
| RAT 1 | The graduate will be able to provide a strategic vision of the implementation of procedures and work systems in a financial context by means of project-based learning and real case studies. |
| RAT 2 | The graduate will be able to identify correctly the financial function of business organizations by means of problem-based learning and case studies. |

2.2. Skills

- RAT 5 The graduate will be able to provide clear and precise explanations of any knowledge/information, both orally and in writing, in Catalan, Spanish and a third language, particularly English.
- RAT 6 The graduate will be able to apply digital technologies (at the right time) in his/her field of expertise.
- RAT 7 The graduate will apply correctly quantitative diagnosis and control techniques in the company's financial planning, managing advanced models of scorecards and strategic analysis.

2.3. Competencies

- RAT 16 The graduate will be able to provide innovative, creative and entrepreneurial solutions in professional situations.
- RAT 17 The graduate will be able to evaluate the sustainability and social impact of the proposals presented, with ethical, environmental and professional responsibility.
- RAT 18 The graduate will be able to apply the gender perspective in the professional tasks.
- RAT 21 The graduate will be able to effectively analyze the impact of qualitative and quantitative variables of the financial environment on business organizations.
- RAT 22 The graduate will be able to make an adequate evaluation of the different investment alternatives in the company's context and make an optimal allocation of resources.
- RAT 24 The graduate will be able to propose the most suitable financing options according to the company's needs and possibilities.
- RAT 25 The graduate will be able to conduct an effective analysis of the impact of qualitative variables on business organizations, necessary for asset valuation, investment selection, financing sources, financial policies or financial markets

3. Subject's learning outcomes

The subject-based learning outcomes for this course are as follows:

- RAM 1 The graduate will be able to adequately estimate the cost of capital of a company by carrying out exercises based on real cases.
- RAM 2 The graduate will be able to create in a solvent way the financial planning of a company by means of the techniques of financial programming applied to companies

- RAM 3 The graduate will be able to effectively analyze in a solvent way any operation of merger and acquisition of companies by means of an exercise of analysis of the financial situation of a company.
- RAM 6 The graduate will be able to accurately assess the financial situation of a company and the viability of its projects by performing individual or group exercises to interpret financial statements.
- RAM 7 The graduate will know how to analyze in a solvent way different investment alternatives in the context of the company for the optimal allocation of resources, considering both exclusive and complementary project portfolios, through the realization of a practical case.

4. Contents

Topic 1 – Cost of capital and capital budgeting

- Concept of cost of capital and the relevant determinants
- Cost of equity and Cost of debt
- Risk and return: The Capital Asset Pricing Model
- Factor models and the Arbitrage Pricing Model
- Risk, cost of capital and capital budgeting

Topic 2 –Capital structure and Dividend Policy

- Capital structure
- Capital structure and the Modigliani and Miller Theorem
- Trade-off theory and Pecking order theory
- Valuation and capital budgeting for the levered firm
- Dividend policy

Topic 3 – Long term financing

- Equity financing
- Debt financing
- Leasing and other alternative financing options

Topic - 4 – M&A

- Forms of M&A and process
- Corporate financial distress and restructuring
- Due diligence
- Efficient Capital Markets and Behavioural Finance

5. Methodology

The methodology applied to this subject, framed within the educational model of EAE Business School, LifEd, is detailed in the following table:

- Participation and oral presentations – 20%.

Block 3 will consist of:

- An exam - 40%.

The final grade for the course will be obtained by weighting the three blocks. The minimum weighted grade required to pass is 5.0.

If the student fails Block 1 or Block 3 (or both) with a grade lower than 5.0, they may retake that block or blocks. This grade will average with the other blocks, and the maximum final grade the student can receive is 5.0.

If the student is unable to attend the initial evaluation, and can provide a justified reason (see regulations of the University of Lleida), they may take the exam on the date set for recovery.

Students who do not attend evaluative activities with a weight exceeding 50% will receive a general course grade of “Not presented.”

Alternative Evaluation

The single evaluation consists of a single exam that accounts for 100% of the course. The exam, and therefore the course, is passed with a grade of 5 out of 10 in this final test. If a grade lower than 5.0 is obtained, the student has the right to a recovery exam.

To opt for the single evaluation, it is necessary to send a written request to the coordination during the first 15 business days of the course. The procedure to follow to opt for this single evaluation is established in the specific rules of EAE.

Plagiarism is a fraudulent activity that can lead to severe penalties, both academic and legal. Academic honesty is one of the pillars of the educational commitment of the School, and the members of its teaching community are especially aware and prepared to detect such actions. Given the difficulty often involved in conceptualizing plagiarism, it has been deemed appropriate to clearly define its content and scope in these regulations and policies.

Plagiarism is understood as the appropriation of works or other people's work by passing them off as one's own; that is, without explicitly crediting their origin. Plagiarism can consist of the unauthorized total or partial copying of someone else's work, or presenting the copy as an original work, impersonating the true author. Some examples of plagiarism are:

- Submitting someone else's work as if it were your own, regardless of whether the copy is total or partial.
- Paraphrasing a text by rephrasing it with other words, but making small changes in the language to disguise it and without citing sources.
- Buying or obtaining a work and presenting it as one's own.
- Relying on an idea or phrase from another person to write a new paper without citing the author of the work.

As established in Article 10 of the Academic Code of Conduct for Students at EAE Barcelona, without prejudice to the academic sanctions resulting from its application, the Academic Commission will

promote the legal actions that correspond in case plagiarism could violate applicable regulations regarding intellectual property.

7. Bibliography

- Hillier, D., Ross, S., Westerfield, R., Jaffe, J., & Jordan, B. (2024). *Corporate Finance*, 5th European Edition McGraw-Hill.
- Brealey, R. A., Myers, S. C., & Allen, F. (2020). *Principles of corporate finance*. McGraw-Hill.
- Brealey, R. A., Myers, S. C., & Marcus, A. J. (2023). *Fundamentals of corporate finance*. McGraw-Hill.
- Altman, E. I., Hotchkiss, E., & Wang, W. (2019). *Corporate financial distress, restructuring, and bankruptcy: analyze leveraged finance, distressed debt, and bankruptcy*. John Wiley & Sons.
- Renneboog, L., & Vansteenkiste, C. (2019). Failure and success in mergers and acquisitions. *Journal of Corporate Finance*, 58, 650-699.
- Cumming, D., Jindal, V., Kumar, S., & Pandey, N. (2023). Mergers and acquisitions research in finance and accounting: Past, present, and future. *European Financial Management*.