



CIEE Seville, Spain

Course title:	Corporate Financial Decision Making
Course code:	BUSI 3001 SEBS
Programs offering course:	Advanced Liberal Arts, Business and Society, Communications, New Media and Journalism Spanish, Liberal Arts
Language of instruction:	Spanish
U.S. semester credits:	3.00
Contact hours:	45.00
Term:	Fall 2023

Course Description

This course focuses on 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, venture capital and entrepreneurship, 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

By completing this course, students will:

- Evaluate the nature of financial decision making and its role in the strategy of the entire firm.
- Interpret financial information and apply this information in terms of valuation and decision-making while analyzing the economic financial viability of a real-live project in a European context.
- Create a Startup Business Plan.

Course Prerequisites

This course requires a basic understanding of financial accounting and financial mathematics. 4 semesters of college-level Spanish (or equivalent) and 3 semesters of college-level micro- or macroeconomics, accounting, finance, management, marketing, or statistics. Students need to have a GPA of at least 2.5.

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 and startups companies. 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.

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

Assessment and Final Grade

1. Midterm Exam

25%

2.	Final Exam	35%
3.	2 Essays and class presentation	20%
4.	Daily Homework and Quiz	10%
5.	Participation	10%
	TOTAL	100%

Course Requirements

Midterm Exam

Final Exam

The student will be evaluated on his/her understanding of the subject matter, critical/analytical and practical skills and Spanish written expression as well. The use of dictionaries of any kind is strictly forbidden during exams.

Exam Description

The midterm and the final exam will be structured in the same way. The first part will consist of 8 theoretical short questions related to the topics previously studied. (5 points each).

The second part will consist of practical case of the creation and financing of a firm with different questions (60 points)

2 Essays and class presentation

Each student must make an essay about the creation and financing of a real company and his financially feasible and a second essay about sources of finance for a business. After submitting the essays the students will have to make a group presentation in class based on them.

Daily Homework and Quiz

Each student must make every week different homework and Quiz and present in canvas

Participation

Interest, active participation in relation to the topic, classwork, having material and course work ready and prepared for each class.

Attendance

To encourage engaged learning, regular class attendance is required throughout the program. This includes any required co-curricular class excursion or event, as well as internship, service-learning, or other required field placement.

An excused absence in a CIEE course will only be considered if approved by a CIEE Center Director/Academic Director (not the Instructor), and:

- it is a self-certified absence for illness (only once per course, requires formal request before or within 24 hours, cannot miss assessment worth more than 5% of final course grade)
- a doctor's note from a local medical professional is provided
- evidence of a family emergency is provided
- it is a pre-approved observance of religious holiday

Unexcused absences include personal travel and/or travel delays, as well as missing more than 25% of a single class period (including tardiness and early departure). Assessments missed due to unexcused absences will be marked as zero. Students with over 10% unexcused absences will be contacted by CIEE staff. Students with over 20% unexcused absences will be contacted by CIEE staff, receive a formal warning letter (shared with their home institution) and lose 10% of the final course point total (e.g., a final A grade of 93% will be lowered to a B grade of 83%).

For more detail, please consult your CIEE Academic Manual.

Academic Integrity

Academic integrity is essential to a positive and inclusive teaching and learning environment. All students are expected to complete coursework responsibilities with fairness, respect, and honesty. Failure to do so by seeking

unfair advantage over others or misrepresenting someone else's work as your own can result in grade penalties or disciplinary action. See the CIEE Student Academic Manual for further information on academic integrity.

N.B. Course schedule and co-curriculars are subject to change. The final duration and distribution of content and assignments will be determined and presented to students at the onset of the course.

Weekly Schedule

Week 1

Class: Topic 1: Introduction to Corporate Finance

- Introduction to the Financial Management.
- The financial function.
- The objective of Financial Management.
- Employment in finance
- Business creation, entrepreneurship and venture financing

Reading 1: "Introducción a las Finanzas Corporativas" (Workbook)

Recommended Readings: "Fundamentos de Finanzas Corporativas" (Chapter 1)

Activity 1: Course Overview: Objectives, Methodology and Evaluation criteria. Presentation handouts. Workbook review.

Activity 2: Video about "Doing Business in Andalucía"

Daily classwork and homework: Quiz 1 on Introduction to Corporate Finance

Week 2

Class: Topic 2: Financial Statements Analysis (Part I)

- Introduction to Financial Statements and to the investment
- The description and the dimension of the economic-financial structure. The Balance Sheet.
- The economic structure (Assets).
 - The operating cycle and the Average period of cash
 - The need for current asset and working capital
 - The renovation cycle of fixed assets. The Long-term Cycle.

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

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

Activity 1: Study Case Section 2 (Workbook): Study Case 1 and 2. Resolution and discussion in group

Daily classwork and homework: Quiz 2 on Financial Statements

Week 3

Class: Topic 3: Financial Statements Analysis (Part II)

- The financial structure (Liabilities and Equity).
- The role of taxes and depreciation in Financial Decisions.

Reading: Finance Journals and Financial Press

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

Cases Study Section 2 (workbook): Study Case 3. Resolution and discussion in group

Activity 1: Academic Exchange Seminar with local students: Real cases analysis about companies' creation and firm valuation. Homework about the experience.

Activity 2: Videos about real-live investments and financial decisions.

Week 4

Class: Topic 4: Financial Statements Analysis (Part III)

- Financial rules.
- The Income Statement.
- The cash flows statement

Reading: "El Funcionamiento Financiero de la Empresa. La cuenta de resultados y de tesorería" (workbook)

Cases Study Section 2 (Workbook): Study Case 4. Resolution and discussion in group

Activity 1: Company Visit. Homework about the content of the visit

Essay 1: The economic financial viability of a real-live project in a European context and create a Startup Business Plan

Week 5

Class: Topic 5: Capital Budgeting Decisions (Part I)

- Corporate Investing: Concepts and classification of investments
- The evaluation of investment projects
 - Basic premise of valuation
 - The financial dimension of an investment
 - Evaluating projects and associated problems
 - The basic financial operative: time and value of money
 - Calculating optimal value

Reading: "Valuation and Selection of Investments" (Workbook)

Recommended Reading: "Fundamentos de Finanzas Corporativas" (Chapter 4)

DUE: Practical case study in preparation for exam

FIRST EXAM

Week 6

Class: Topic 5: Capital Budgeting Decisions (Part II)

- Criteria used in economic evaluation
 - Criteria of Net Present Value (NPV)
 - Criteria of Internal Rate of Return (IRR)
 - The Payback-Period
 - Comparing various criteria

Reading: Valuation and Selection of Investments (Workbook)

Recommended Reading: Fundamentos de Finanzas Corporativas (Chapter 7)

Case Study Section 3 (Workbook): Case study 5. Resolution and discussion in group

Daily classwork and homework: Practice on Capital budgeting

Week 7

Class: Topic 5: Firm Valuation

- Relative valuation
 - Market ratios: EBITDA and PE ratio
 - Price Earnings Ratio and problems
- Valuation using the discounted cash flow method
 - Free cash flow calculation
 - Value of the company calculation

Reading: "Métodos de valoración de empresas" (Workbook)

Cases Study Section 3 (Workbook): Workgroup Exercise and Case Study 7. Resolution and discussion in group

Daily classwork and homework: Practice on Firm valuation

Week 8

Class: Topic 6: Corporate Financing (I)

- Concept and classification of financing
- Equity: The issue of equity, self-financing, grants and equity crowdfunding
- Long term issues of debts: bonds and crowlending

Reading: "La financiación en la empresa" (Workbook), part 1

Daily classwork and homework: Quiz 3 on Financial Market

Activity 1: Video about Company financing in Andalucía

Essay 2: Sources of finance for a selected company

Week 9

Class: Topic 6: Corporate Financing (II)

- Financial Banking
 - Loans and Account receivable
 - Commercial Discount
 - Leasing and renting
 - Factoring and Confirming
- Business angels, venture capital, private equity and mutual guarantee societies.

Reading: "La financiación en la empresa"(Workbook)", part 2

Recommended Reading: "Fundamentos de Finanzas Corporativas" (Chapter 2)

Daily classwork and homework: Quiz 4 on Bank financing and new financing sources

Public presentation about the financing of the selected company in essay 2 (Group 1)

Week 10

Class: Topic 6: Corporate Financing (III)

- Cash Management and short-term financing
 - Surplus investments in Financial Markets
- The weighted average cost of capital (WACC)
 - Concept and calculation of WACC
 - The effective costs of financial resources

Reading: "La financiación en la empresa" (Workbook)", part 3

Recommended Reading: "Fundamentos de Finanzas Corporativas" (Chapter 12, 19 and 20)

Cases Study Section 4 (Workbook): Case study 6. Resolution and discussion in group

Public presentation about the financing of the selected company in essay 2 (Group 2)

Week 11

Class: Topic 6: Capital Structure and Payout Policy (I)

- Capital Structure
 - Financial leverage and Profitability of the shareholders
 - Profitability and risk
- Payout Policy
 - Types of Dividends
 - Payout Policy and the shareholder wealth

Reading: "Estructura de capital y política de dividendos" (Workbook)

Cases Study Section 5 (Workbook): Case Study 7. Resolution and discussion in group.

Public presentation about the financing of the selected company in essay 2 (Group 3)

Week 12

Class: Topic 6: Capital Structure and Payout Policy (II)

- The financing of companies in practice.

DUE: Practical case study in preparation for exam

SECOND EXAM

Course Materials

Readings

The students use a workbook prepared for the professor and a diversity of financial books, internet resources and financial newspaper.

- JIMÉNEZ, JL, PEREZ, C y DE LA TORRE GALLEGOS, A., Dirección Financiera de la Empresa: Teoría y práctica. Editorial Pirámide, Madrid, 2018.
- DE LA TORRE GALLEGOS, A Y JIMENEZ NAHARRO, F., Valoración de empresas y Análisis Bursátil. Ed. Pirámide, 2018.
- 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, 2018.
- BREALEY & MYERS & MARCUS, Fundamentos de Financiación Empresarial, Ed. McGraw Hill, Madrid, 2017. 5 Edición.
- BODIE & MERTON, Finanzas. Pearson Educación, México, 2017.
- DURBAN OLIVA, S., Dirección Financiera Ed. McGraw-Hill, Madrid, 2018.
- VAN HORNE & WACHOWICZ, Fundamentos de Administración Financiera, Pearson Prentice Hall, Ed en Español.
- WESTON & BRIGHAM. Fundamentos de Administración financiera. Ed. McGraw-Hill, Madrid.

Online Resources

- 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>