



UNIVERSITÀ  
DEGLI STUDI DI MILANO-BICOCCA

## SYLLABUS DEL CORSO

### Principles of Corporate Finance

2223-2-F5602M012

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#### Learning objectives

The course provides the fundamental skills for the financial analysis of the company in order to verify its financial sustainability and value creation. Students will be able to analyze the main financial problems of modern companies operating in global markets, through the use of appropriate tools and methodologies. The course, in fact, provides the necessary knowledge to evaluate the different financial decisions and their influence on company performance.

#### Contents

The course presents the main decision making profiles that company's financial function supervises, with particular reference to industrial and service companies operating in international markets.

After addressing the issue of corporate governance and conflicts of interest, the course analyses:

1. The investment decisions. We introduce, also through practical exercises, the basic methodological tools of the discipline (financial analysis, financial planning, etc.) to determine the risk and return of an investment, as well as capital budgeting evaluation.
2. The financing decisions and the optimal financial structure
3. Firm's valuation

#### Detailed program

The course detailed program is the following:

- Industrial and service firm financial function;
- Corporate Governance and conflict of interests

- Investment Decisions:
- Accounting financial analysis;
- Cash flows analysis;
- Financial planning;
- Capital Asset Pricing Model:
- Firm's cost of capital
- Capital Budgeting and sustainable and responsible investments
- Financing Decisions
- Modigliani & Miller theory (M&M)
- Optimal corporate financial structure
- Valuation: principle and practice

## **Prerequisites**

Basic background of financial mathematics and business accounting

## **Teaching methods**

The course consists of 49 hours (6 CFU) of face-to-face lectures

For attending students the course includes several work group activities related: i) to the analysis of firms' financial problems and the evaluation of financial decisions; ii) the presentation of the results obtained iii) analysis of scientific papers This activities contribute to developing problem solving skills and improving communication skills in the financial field.

## **Assessment methods**

The final evaluation is done with a written examination (with optional oral at the request of the teacher or student) composed by three parts:

1)10 multiple choice questions (3 points for each correct answer, maximum grade 30/30): for the extensive monitoring of the preparation of the examination programme

2)1 open question (maximum grade 30/30): for intensive monitoring of autonomous thinking on critical points of the programme

3)1 open question or an exercise (maximum grade 30/30): as control of disciplinary problem solving skills

The final grade is given by the simple average of the grade of all the three exam parts.

For attending student the group activities will be evaluated and the assessment methods will be described at the beginning of the first lecture.

## **Textbooks and Reading Materials**

Damodaran A. (2014) Applied Corporate Finance, 4th edition Wiley (Ch. 1-8; 10;12)

Brealey R., Myers S. and Allen F. (2020), Principle of Corporate Finance, 13rd edition, McGrawHill (1; 5-16; 19; 33)

Watson D., Head A., Mantovani G., Rossi E., Corporate Finance. Principles and Practice in Europe, Pearson Italia, 2017. (Ch. 1-10)

## **Semester**

Second semester

## **Teaching language**

English

## **Sustainable Development Goals**

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