# Corporate Finance

## Prof. Roberto Moro Visconti

1. ***COURSE AIMS AND INTENDED LEARNING OUTCOMES***

Provide and attain (as learning outcomes) the theoretical and practical basics of corporate finance, starting from accounting data and arriving to cash flow analysis. The course is complemented by case studies and interactive online tutorials on Blackboard, allowing students to acquire soft skills for professional development.

At the end of the course, students will be able to:

1. Know the basic concepts of balance sheet analysis and corporate finance, and to interpret the financial implications of the strategic and managerial decisions of companies;
2. Write and analyse, from a critical perspective, a business plan in Excel;
3. Possess the basic learning skills for attending advanced courses in corporate finance and financial markets;
4. Develop their independent thinking skills from an interdisciplinary perspective, and therefore become able to combine the key concepts of corporate finance with other similar subjects, especially in the economic field;
5. Acquire new communication skills, so that they can efficiently work in group and create and analyse new case studies that will be presented in class or shared online.

***COURSE CONTENT***

1. *Financial statement analysis*

Financial statement reclassifications; balance sheet; economic margins; ROE, ROI, ROS and other key financial ratios; profitability equation; operating leverage and digital scalability – financial leverage.

1. *Risk and return*

Equity risk and expected return; efficient frontier and portfolio diversification; Capital Asset Pricing Model; exercises and simulations with Excel.

1. *Cash flows*

Interaction between economic / financial flows and capital stocks – operating, net, incremental, free, levered and unlevered cash flows.

1. *Investment decisions and business plan*

Capital budgeting; net present value and internal rate of return; interactive business plans using Excel; debt-free startup valuation

1. *Financing decisions*

Cost of capital; optimal financial structure; dividend policy

***READING LIST***

Compulsory readings:

Lecture notes and other teaching material are entirely downloadable from http://blackboard.unicatt.it, Corporate Finance course 2022/2023 - prof. R. Moro Visconti, to save up costs for students and to allow them to use constantly updated references.

An alternative selection of readings in English can be given upon request to Erasmus students, referring to widely used corporate finance books (e.g., Brealey – Myers; Ross, Westerfield, Jaffe…).

***TEACHING METHOD***

Lectures and exercises accompanied by e-learning materials online, already fully available in Blackboard. The on-line course contains tips and general information concerning also recorded videos, the learning method, self-evaluation tests with multiple choice questions, information about the dissertation, results of the interim exams, demands from past exams, lectures with cases, summary charts (Power Point slides illustrated during the lectures) and exercises and interactive study cases with Excel, a glossary, information about the course in Italian and English, link to Finance websites, a detailed analysis of the course program with a comparison with the reading list and the teaching material.

The course will be taught through lessons combining theoretical and practical applications (with computer-based assignments to be completed in class and at home), with frequent references to actual situations and strong "face to face" and "Internet based" interaction with students.

***ASSESSMENT METHOD AND CRITERIA***

The corporate finance exam takes place in written form, by means of a test:

a) finalized to assess the comprehension of the other topics included in the syllabus and reported by the faculty (theoretical part with closed questions and open answer and / or multiple choice with just one correct answer);

b) aimed at ascertaining the knowledge of the logic of the evaluation metrics of financial analysis and corporate finance (application part), through short exercises.

The written test lasts about 60-90 minutes. If the number of students enrolled in the exam is very small, the teacher reserves the right to carry out an oral exam instead of the written exam.

The Blackboard platform contains instructions for carrying out self-assessment tests.

The theory questions envisaged in the exam tests are individual problems related to the topics indicated in this Faculty Guide, inviting the student to confront questions that can be answered with a greater or lesser level of detail. Before the end of the course, an analytical link between the exam program and the reference document sources (notes, slides, exercises, videos, etc.), fully available on Blackboard, will be published on Blackboard.

Since each of the topics is indicated in this Faculty Guide, one of the fundamental topics in which there is total lack of preparation on one of the teaching topics cannot obtain a sufficient evaluation.

An insufficient evaluation in a theory question will eventually give rise to an overall sufficient evaluation if it is not the expression of a total lack of preparation on the subject under examination and provided that the answers to the other questions, including the application part, justify an evaluation overall sufficient.

***NOTES AND PREREQUISITES***

Class attendance is highly recommended, also because frontal lectures will be based on useful practical contents.

To get the most out of this course, students should have a basic knowledge of budgetary and accounting principles (business economics; quantitative analysis of businesses), financial mathematics, and statistics (preliminary course).