**Corporate Finance**

Prof. Francesca Pampurini; Prof. Andrea Lippi

**Module 1 - Capital Budgeting**

Prof. Francesca Pampurini

***COURSE AIMS AND INTENDED LEARNING OUTCOMES***

The course aims to provide the basic elements to understand the main corporate finance decisions, with reference to business investment decisions. The course combines the robustness of the theoretical framework and the basic technical elements relating to corporate finance instruments (in particular: debt and equity financial instruments) with the operational reality of the company and the concrete ways of operating a company's financial functions.

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

* recognise and understand the most important financial issues facing a company, providing a dual perspective to understanding both the borrower and the lender;
* formulate an analysis of convenience for the most important financial choices, with particular regard to investment projects and capital budgeting;
* use methods and models for estimating company value.

***COURSE CONTENT***

* The value of money over time. Overview.
* Interest rates and capitalisation schemes. Overview.
* Net present value (NPV) and alternative criteria to NPV.
* The capital budgeting process.
* Evaluation of bonds. Overview.
* Company valuation and opportunity cost of capital.
* Risk and return relationship and CAPM.

***READING LIST***

Compulsory text:

R. Brealy-S. Myers-F. Allen-S. Sandri, *Principi di finanza aziendale 1*, latest edition, McGraw-Hill.

The parts of the reading list that will be covered in the exam will be indicated on the Blackboard platform and on the lecturer's webpage. The teaching material used in lectures will be made available on the Blackboard platform.

***TEACHING METHOD***

The course includes lectures and guided practical classes focused on both theoretical and technical aspects of the discipline.

***ASSESSMENT METHOD AND CRITERIA***

The mark for Module 1 (Capital budgeting) represents 50% of the final mark. A written exam consisting of practical exercises and an open-ended question. The exam will be marked out of thirty and will take into account accuracy and quality of students' answers, appropriateness of their language, and their ability to adequately justify statements, analyses and judgments.

The final mark will be based on the average of the pass marks obtained in the two modules.

***NOTES AND PREREQUISITES***

Students must possess a basic mathematical/financial knowledge of interest rates and capitalisation schemes. A basic knowledge of the main concepts of descriptive statistics is also required. Attendance, although not compulsory, is strongly recommended.

Information on office hours available on the teacher's personal page at <http://docenti.unicatt.it/>.

**Module 2 - Financing Decisions**

Prof. Andrea Lippi

***COURSE AIMS AND INTENDED LEARNING OUTCOMES***

The course aims to provide the basic elements for a theoretical-practical knowledge and understanding of financing decisions taken by companies.

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

- know the various sources of financing for businesses;

- know and understand the role of third-party capital in the management of companies;

- understand the importance of a balance between own capital and third-party capital, including from a fiscal point of view;

- understand and evaluate the best alternatives for distributing wealth produced by the company to its shareholders;

- understand the impact of the financial structure adopted by a company on its stakeholders.

***COURSE CONTENT***

* Conflicts of interest and agency problems.
* The financial structure of companies.
* Dividend policy.
* Financing decisions relating to equity.
* Financing decisions relating to debt capital.

***READING LIST***

Compulsory texts:

R. Brealy-S. Myers-F. Allen-S. Sandri, *Principi di finanza aziendale 1*, latest edition, McGraw-Hill.

During lectures, the lecturer will indicate the parts of the reading list that will be covered in the exam. Support and updating material will be available on Blackboard.

***TEACHING METHOD***

Lectures with guided practical classes.

***ASSESSMENT METHOD AND CRITERIA***

A written exam comprising open-ended and multiple-choice questions (with variable marks depending on the complexity of knowledge/competences assessed). The assessment of the open-ended questions will be based on clarity and effectiveness of students' presentation, adherence of their answers to the question contents, their use of correct technical terminology, and completeness of their arguments. A mark of at least 18/30 is required to pass the exam.

For further clarification, please refer to the indications on Blackboard.

***NOTES AND PREREQUISITES***

Attendance, although not compulsory, is strongly recommended.

Information on office hours available on the teacher's personal page at <http://docenti.unicatt.it/>.