

Course Syllabus

1 Aims and Objectives

The main aim of this course is to enable you to apply the theoretical concepts in finance, covered in the basic finance courses, to problems in the area of corporate finance with all the complexities that the real world entails.

Through cases and discussion of topical issues, the course will give you the opportunity to analyse practical financial situations and problems, on the assumption that you are already familiar with fundamental ideas from previous finance courses such as valuation methods, portfolio selection, CAPM, capital structure and option pricing among others.

We will use the case method also to motivate our discussion of the gap between rigorous finance theory and its application to practical problems in corporate finance, and the thought-process required when faced with this gap. I will try to minimize the amount of lecturing along the course and concentrate on the case method to study practical aspects of important topics in corporate finance.

The objective of the course is to teach you how to apply the concepts and techniques learned in the core finance courses to actual real world situations.

In addition to analysing the specific financing problems or issues, we will consider how those issues relate to the strategic objectives of the firm. It will be important to examine the big picture assumptions that are used in the numerical calculations. This course also places emphasis on presentation and discussion skills. It will be important to explain your positions to each other and to argue convincingly for your recommendations.

2 Course Material

The primary reading material for the course is contained in:

- A course pack available through Moodle. The course package contains all the cases, case questions, readings and information you will need throughout the course.
- Brealey, R, S. Myers and F. Allen, Principles of Corporate Finance, 13th Edition, McGraw Hill, 2019. Use this textbook as reference book.
- During the course, I will also release on Moodle teaching slides and additional reading material.

3 Course Procedures: Case Write-Ups

There will be 7 case discussions and 4 case preparations. Cases must be handed in on time before the beginning of each lecture. No credit will be given for late cases. I will grade the cases on a scale of 0 to 10. The Case-Study questions are in the course webpage.

The cases should be solved in groups. Groups cannot be larger than 6 students. In fact, I expect to be formed exactly by 4 or 5 students. If you have any problems in finding someone to work with, please e-mail me and let me know. I will be happy to assist you in finding a group.

Regarding the cases, each group will submit a **three-page** memorandum of analysis and recommendations covering the case study questions plus any accompanying tables you wish to include as appendices. Tables should be well organized and labelled. Be sure to indicate how you arrived at your conclusions. I will accept one memorandum from the group and count it for all students in the group. Write these as if you were writing a recommendation for the CEO or major decision maker in the case. Be sure to address in each paragraph of the memorandum the questions you are being asked in the case-study questions.

For your convenience, I will also post some of the relevant data from each case in a worksheet on the class webpage. The main point of the cases is to help you learn by ensuring that you prepare for class and think about the material to cover each week. Reading the material assigned for each week and preparing for the cases is the best way to enjoy and learn from this course. My advice about the cases is: do your best in working them, but recognize that they are hard and you will not always get it right.

The readings and articles, which I have assigned, are largely non-technical in nature and summarize the findings of academic research in corporate finance in the recent past. These articles are meant to be background material, which will help you to analyse the cases. The readings should not necessarily be cited in the case discussion. You should try to argue as if you were in a corporate boardroom rather than in a doctoral seminar. The goal is to have an open and interactive class discussion, where the process of arriving at the answer is as important as getting the answer.

Because of the nature of this course, it is extremely important that you attend every class, arrive on time, and are prepared to participate. To facilitate the discussion, it is important that you always bring your name cards to class.

4 Grading

Grading will be based on Group Case Write-Ups and Individual Exam. The weighting for the final grade is given by:

- Individual Final Exam 60%
- Group Case Write-Ups 40%

5 Class Web Page

The class webpage on Moodle is intended as the main information dissemination mechanism. When you have a question, you should consult the web page first, as in most cases, you will find the answer there. If it is not the case, then contact me. In particular: lecture notes, teaching slides, homework assignments, announcements, and supporting material will all be posted on Moodle. From the course webpage you will be able to download Excel spreadsheets for the 7 cases we analyse in the course. Each workspace, in turn, contains one or more of the exhibits in the case. This will make it easier for you to spend time on the analysis, rather than punching in numbers. Case calculations will not be posted online.

6 Office Hours and Contact Information

Office hours are by appointment on Tuesdays between 15:00 and 16:30.

My email address is rui.silva@novasbe.pt.

As a rule to follow, I will NOT discuss any question related to the cases before they are solved in class. After they are solved I will be more than happy to discuss them with you.