



Universidad
de Navarra

Corporate Finance B
Teaching guide 2025-26

SINTRODUCTION

The goal of this course is to develop the analytical skills for evaluating the major investment and financing decisions made by corporate managers. Topics include criteria for investment decisions, leverage, capital structure, business/financial risk and dividend policy.

- **Professor:** Ana Duque Sáenz de Pipaón
- **Contact e-mail:** aduquesaenzp@external.unav.es / aduque@deloitte.es
- **Type:** Mandatory for General Management + Data students (Group B)
- **ECTS:** 6
- **Year and Semester:** for General Management + Data students, second semester of year two.
- **Language:** English
- **Degree:** Degree in Management with Specialization in Finance and Accounting & Degree in International Finance
- **Módulo y materia de la asignatura:** Modulo 1: Contabilidad y Finanzas. Materia 1.2: Finanzas. Tipo de asignatura: Básica.
- **Class schedule:**
- **Weekly class timetable:** 8:00- 9:30 & 10:00-11:30
- **Room:** [Aula 9 FEC Schedule](#)
- **Course prerequisites:** Asset Valuation and portfolio Management or Investment in Financial Assets, Financial Accounting I & II.

MATERIALS

- Corporate Finance's PowerPoint Presentations.
- Official Book: Berk, J., & DeMarzo, P. (2016). Corporate Finance (4th Edition). Pearson.
- Tutorials (Videos), Business Cases, etc.

LEARNING OUTCOMES (Competencies)

CG8: Develop expectations, describe scenarios and make estimates using information relevant to the business

CE2: Analyze different accounting and/or financial situations of a company and its future projection in real cases.

CE13: Know the operation of the financial instruments available to the entrepreneur, including own funds, external financing through credit institutions or financing in organized markets, to be able to judiciously choose the most appropriate ones in each case to finance the activity of a company.

CE19: Understand the financial flows (of money) generated by the activities of a company and their relationship with economic flows (of resources).



Universidad
de Navarra

CE20: Know the different financing alternatives and the needs of the company in terms of liquidity, term and risk coverage to make the most appropriate decision for each case.

PROGRAM

Part I : Introduction

Introduction to Corporate Finance

- Definition and scope of corporate finance
- Objectives of corporate finance
- Role of the financial manager
- Primary goal: Maximizing firm value
- Role of corporate finance in business
- First principles of corporate finance

Corporations & Financial Markets

- Legal structure and characteristics of corporations
- Types of corporations
- Advantages and disadvantages of corporate structure
- Corporate governance and stakeholders
- Agency theory and its implications
- Financial markets and their role in corporate finance

Financial Statements

- Balance sheet: assets, liabilities, and equity
- Income statement: revenues, expenses, and profitability
- Cash flow statement: operating, investing, and financing activities
- Statement of changes in equity

Time Value of Money

- Concept of present value
- Concept of future value
- Simple and compound interest
- Annuities and perpetuities
- Applications in financial decision-making

Interest Rates

- Determinants of interest rates
- Term structure of interest rates
- Risk and return relationship
- Real vs. nominal interest rates
- Impact of interest rates on corporate finance decisions

Measures of Leverage

- Business Risk and Financial Risk
- Business Risk and Its Components
- Sales Risk
- Operating Risk
- Financial Risk
- Breakeven Points and Operating Breakeven Points



Universidad
de Navarra

Part III: Investment Decision

Capital Budgeting

- The Capital Budgeting Process: Investment decision process
- Techniques for project evaluation
- Net Present Value
- Internal Rate of Return
- Payback Period
- Discounted Payback Period
- Average Accounting Rate of Return
- Profitability Index
- NPV Profile
- Ranking Conflicts between NPV and IRR
- The Multiple IRR Problem and the No IRR Problem
- Cash flow estimation and analysis
- Risk assessment in capital budgeting
- Capital rationing and project selection
- Popularity and Usage of the Capital Budgeting Methods
- Mutually Exclusive Projects with Unequal Lives

Part III: Finance Decision

Capital Structure

- Proposition I without Taxes: Capital Structure Irrelevance
- Proposition II without Taxes: Higher Financial Leverage Raises the Cost of Equity
- Costs of Financial Distress
- Agency Costs
- Costs of Asymmetric Information
- Optimal capital structure theories
- Debt vs. equity financing
- Leverage and its effects on firm value
- Capital structure decisions in practice

Working Capital Management

- Cash management
- Inventory management
- Accounts receivable management
- Short-term financing

Part III: Dividend Decision

Dividend Policy

- Theories of dividend policy
- Types of dividends
- Payment Chronology of dividends
- Dividend Policy and Company Value: Theory
- Factors affecting dividend decisions
- Dividend payout ratios and retention rates
- Share repurchases as an alternative to dividends

Part III: M&A



Universidad de Navarra

Discount Rate

- Cost of Debt
- Cost of Preferred Stock
- Cost of Common Equity
- Weighted average cost of capital (WACC)
- Capital asset pricing model (CAPM)
- Risk-free rate and market risk premium
- Beta and systematic risk
- Adjusting discount rates for risk

Company Valuation

- Valuation approaches: income, market, and asset-based
- Discounted cash flow (DCF) analysis
- Relative valuation methods and multiples
- Valuation in different contexts (IPOs, M&As, distressed firms)
- Challenges and limitations in company valuation

Valuing Shares, Bonds, and Options

- Stock valuation models (dividend discount, free cash flow)
- Bond pricing and yield calculations
- Option pricing models (Black-Scholes, binomial)
- Convertible securities and warrants
- Applications of option theory in corporate finance

M&A and Corporate Governance

- Types of mergers and acquisitions
- Motives for M&A activity
- Valuation and financing of M&A transactions
- Corporate governance mechanisms and best practices
- Shareholder rights and activism
- Corporate restructuring strategies
- Specific Sources of Conflict: Agency Relationships
- The Board of Directors
- Examples of Codes of Corporate Governance
- ESG Considerations in Investment Analysis: Environmental, Social and Governance investment approaches

EDUCATIONAL ACTIVITIES

- **Lectures:** The teacher will explain the contents of the program, always encouraging the active participation with questions. These contents will be material for the examinations. In some cases, depending on the time, the instructor will assign readings so that each student can work on his/her own and can answer any questions with the teacher during office hours. The lectures will include activities such as concept maps, kahoots or online games to improve understanding and create discussion.



- **Discussions:** articles/videos/podcasts and other materials will be assigned for classroom discussion. The article items will be distributed in advance for students to prepare (see the Lesson-by-Lesson plan in the restricted area). The contents of these discussion items will be part of the assessments.
- **Assessments:** as detailed in the evaluation section.
- **One-to-one Tutorials :** the teacher will be available to students during office hours and outside of the class to answer questions or to provide support for course-related activities.
- Need for hours of **study outside the classroom :** individual study, presentation of papers, group meetings, etc.

EVALUATION

MAY ANNOUNCEMENT

	Activity	% of total grade	Points over 10
Continuous Evaluation	Quizz & Assistance	20%	2.0 points
Midterm and final exams	Partial Exam	25%	2.5 points
	Final Exam	55%	5.5 points

If there is no partial exam during the course the evaluation points would be as follows:

	Activity	% of total grade	Points over 10
Continuous Evaluation	Quizz & Assistance	30%	3.0 points
Final Exam	Final Exam	70%	7.0 points

Criteria to pass the course

- Students need to get a minimum grade of 4.5 out of 10 in the final exam to apply the assessment weights. Likewise, students need to get a minimum grade of 4 out of 10 in each in-class test. If conditions were not met, the final grade for the course will be that of the final exam or the in-class test.



Universidad de Navarra

- Students whose final grade of 5 out of 10 (weighted average) is 5 points or more will pass the course.
- Students whose final grade is below 5 points will not pass the course and will be graded as *Suspenso*.
- Students who do not take the final exam will not pass the course and will be graded as *No presentado*.

Exams review

- Students will be able to review the exams in an interview with the professor, after publication of the grades, in a day and place that will be indicated.

CALCULATOR POLICY

Students are allowed to bring to exams only the calculators models allowed by CFA Insititute exams.

OFFICE HOURS

Ana Duque (aduque@deloitte.es)

Book a slot using the link in the internal era of ADI