



# UNIVERSITÀ DEGLI STUDI DI PALERMO

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| DEPARTMENT                   | Ingegneria  |
| ACADEMIC YEAR                | 2017/2018   |
| MASTER'S DEGREE (MSC)        | MANAGEMENT ENGINEERING  |
| SUBJECT                      | CORPORATE FINANCE   |
| TYPE OF EDUCATIONAL ACTIVITY | B   |
| AMBIT                        | 50368-Ingegneria gestionale   |
| CODE                         | 03239   |
| SCIENTIFIC SECTOR(S)         | ING-IND/35  |
| HEAD PROFESSOR(S)            | LO NIGRO GIOVANNA    Professore Ordinario    Univ. di PALERMO   |
| OTHER PROFESSOR(S)           |   |
| CREDITS                      | 9   |
| INDIVIDUAL STUDY (Hrs)       | 144   |
| COURSE ACTIVITY (Hrs)        | 81  |
| PROPAEDEUTICAL SUBJECTS      |   |
| MUTUALIZATION                |   |
| YEAR                         | 1   |
| TERM (SEMESTER)              | 1° semester   |
| ATTENDANCE                   | Not mandatory   |
| EVALUATION                   | Out of 30   |
| TEACHER OFFICE HOURS         | <b>LO NIGRO GIOVANNA</b><br>Monday    11:00    14:00    il ricevimento va prenotato entro il venerdì della settimana precedente. Si consiglia di concordare con il docente un orario anche diverso da quello indicato attraverso una email all'indirizzo <a href="mailto:Giovanna.Ionigro@unipa.it">Giovanna.Ionigro@unipa.it</a> . |

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| <b>PREREQUISITES</b>          | Financial statement and its analysis; Discounted Cash Flow analysis  |
| <b>LEARNING OUTCOMES</b>      | <p>knowledge and understanding:</p> <ul style="list-style-type: none"> <li>• The student at the end of the course will get the knowledge required to understand and undertake firm financial decisions according to the firm characteristics in particular its age. The student will understand the relationship between the financial decisions and other firm's strategic decisions.</li> </ul> <p>applying knowledge and understanding:</p> <ul style="list-style-type: none"> <li>• The student will be able to perform a firm's financial structure analysis, understand dividend policy, the relationship between risk and rate of return, seek the financial conflicts among company's stakeholders.</li> </ul> <p>making judgements:</p> <ul style="list-style-type: none"> <li>• The student will be able to assess a firm financial structure and undertake solutions to improve it (also in case of entrepreneurial initiatives), evaluate fixed income securities and equity securities, estimate the rate of return according to the investment risk, evaluate a portfolio of financial assets.</li> </ul> <p>communication skills:</p> <ul style="list-style-type: none"> <li>• The student will be able to discuss his/her opinion about the firm financial structure learning skills</li> <li>• The students will be able to update his/her knowledge about the course's topics; he will also be able to understand the scientific papers about them.</li> </ul>   |
| <b>ASSESSMENT METHODS</b>     | <p>A written exam + an oral exam.</p> <p>1. Assessment procedure for the Written Exam</p> <p>The written examination will seek to determine the possession of skills, abilities and skills required. It consists of one or two problems about the firm's financial structure decision, investor's decision about a portfolio of financial assets comprehensive of theoretical questions. In the written exam the theoretical comments of the numerical findings are appreciated. The assessment is expressed in thirtieth and admission to oral test is conditioned to the achievement of a minimum score (15), in case of lower score the exam fails.</p> <p>2. Evaluation criteria for the oral examination</p> <p>The oral test consists of an interview, in order to check that you have the skills and knowledge provided by the course; the evaluation is expressed in thirtieths.</p> <p>The questions (three at least) are specifically designed to test the results of learning shown through the written test. Usually, some comments about the written exam are required. The interview wants to assess the knowledge captured; the processing capacity; the ability to talk properly about the main topics. In particular, the ability to assess the student knowledge about his/her ability to assess the firm's financial structure, to discuss about the company may raise money to finance growth, projects and investments, and which instruments can be used, the characteristics of financial securities, and their valuation methodologies are tested during the oral exam.</p> <p>The final evaluation will take into account both the score of the written exam (50%) and that of the oral exam (50%).</p> <p>Excellent 30-30 and praise, outstanding knowledge of the topics, excellent properties of language, good analytical ability, the student is able to apply knowledge to solve complex problems. During the oral examination, the student is asked to answer to complex questions built to assess his capabilities to face with unknown problems whose solutions require the complete and deep understanding of the whole topics. He has to discuss showing excellent speaking ability the proposed financial solutions to the problems.</p> <p>Very Good 27-29, Good command of the topics, full of language, the student is able to apply knowledge to solve problems proposed concerning financial structure solutions</p> <p>Good 24-26 basic understanding of the main topics, discrete properties of language, with some abilities to independently solve the proposed problems</p> <p>Satisfactory 21-23, the student has not fully mastered the main teaching subjects but he/she has the knowledge, satisfactory property language, poor ability to independently apply the knowledge acquired</p> <p>Sufficient 18-20, Minimum basic understanding of the major teaching and technical language issues, very little or no ability to independently apply the knowledge acquired. The student knows the main characteristics of the financial instruments, their pros and cons, the basic knowledge about financial portfolio evaluation.</p> <p>Insufficient, it does not have an acceptable knowledge of the basic understanding of the main contents of the topics covered in the teaching.</p> |
| <b>EDUCATIONAL OBJECTIVES</b> | <p>At the end of the course, the students should have the following skills:</p> <p>Understand and describe the main individual investment choices; understand and describe the main firm financing decisions; understand and know how to use fixed income securities; understand and know how to use equity securities; understand and know how to use derivative securities; understand and know how to use the basic techniques for portfolio management: understand start up financial decisions</p>  |

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| <b>TEACHING METHODS</b>       | Frontal lessons. Classroom exercises.   |
| <b>SUGGESTED BIBLIOGRAPHY</b> | <ul style="list-style-type: none"> <li>•Dispense distribuite durante il corso;</li> <li>•Brealey, Myers, Sandri, Principi di Finanza Aziendale – McGraw-Hill</li> <li>•G. Giudici, Finanziare le risorse dell'impresa, Maggioli Editore</li> <li>•Steve Rogers, Entrepreneurial Finance, McGraw-Hill</li> </ul> |

## SYLLABUS

| Hrs | Frontal teaching   |
|-----|--|
| 1   | Course introduction and objectives   |
| 2   | Agency theory, managers objectives, corporate finance objectives, incentives and compensation  |
| 1   | Financial markets, institutions and intermediaries   |
| 2   | The term structure of interest rates: expectations theory  |
| 3   | Fixed income securities (bonds): types, features, and valuation. Duration and volatility   |
| 4   | Equity securities ): Types and Features of stocks. How common stocks are valued (valuation by comparables, stock prices and dividends). Preferred stocks |
| 1   | Italian Stock exchange listing   |
| 3   | risk and return  |
| 4   | Portfolio theory: Markowitz, Tobin e Capital Asset Pricing Model, Arbitrage Pricing Theory   |
| 3   | Financial Structure: Modigliani & Miller propositions  |
| 1   | Corporate and personal taxes   |
| 4   | Trade off and pecking order of financing choices   |
| 4   | Financial sources e WACC   |
| 2   | Payout policy  |
| 4   | Financing and valuation: Valuing business. The after tax weighted average of capital. The adjusted present value (financing side effects)                |
| 4   | Derivatives: forwards and options  |
| 2   | Firm life cycle and financing choices  |
| 3   | Equity financing: private equity, business angels, Venture Capital, equity crowdfunding, IPO   |
| 2   | Debt financing for start up  |
| Hrs | Practice   |
| 2   | The term structure of interest rates: expectations theory  |
| 3   | Fixed income securities (bonds): types, features, and valuation. Duration and volatility   |
| 3   | Equity securities ): Types and Features of stocks. How common stocks are valued (valuation by comparables, stock prices and dividends). Preferred stocks |
| 3   | risk and return  |
| 3   | Portfolio theory: Markowitz, Tobin e Capital Asset Pricing Model, Arbitrage Pricing Theory   |
| 2   | Corporate and personal taxes   |
| 2   | Trade off and pecking order of financing choices   |
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| 2   | debt financing for start up  |
| 2   | Derivatives: forwards and options  |