



PERSONA CIENCIA EMPRESA

UNIVERSITAT RAMON LLULL

Codi: 80514**Nom de l'assignatura:** Common Ground in Corporate Valuation and Accounting**No informat****Number of credits ECTS:** 3.5**Language/s** Pendent**Type** Normal**Professor/s** Bou Ysás, Silvia**DESCRIPTION****BRIEF DESCRIPTION AND JUSTIFICATION**

The aim of this course is to give the basic financial knowledge needed to develop the contents of the two following finance courses in the master. Along the Master degree in global entrepreneurial management the students will approach finance from three different points of view:

1. The analyst's perspective (IQS School of Management): Checking health status of Corporations and Markets. Knowing and Understanding Companies & Markets and the tools for its analysis.
2. The insider's perspective (Fu Jen Catholic University): Capital budgeting tools. The Chief Financial Officer Instruments.
3. The Venture Capitalist's perspective (University of San Francisco): Financing techniques for higher risk companies and start-ups.

COMPETENCIES

- Understand and use new technologies (CT5).
- Apply the new learnings in professional situations (CT6).
- Analyze the relationships within a global economy, the economic factors that affect those relationships and their implications for a company(CE1).
- Understand the different sources of funding for the creation of new ventures in a global economy(CE3).

PREREQUISITES

- Requirements legally established to access postgraduate programs.

- English proficiency (TOEFL 7.0 or equivalent).

CONTENTS

0. UNDERSTANDING THE COMPANY BEFORE DIVING INTO NUMBERS

0.1. Business Profile: Sector, Products & Services, Consumers and End Markets, Distribution Channels and Geography and why its important to understand it

0.2. Financial Profile: Brief introduction to the concepts of Size, Profitability, Growth Profile and Credit Profile. To be developed at a later stage.

1. BASIC ACCOUNTING INFORMATION: CHECKING THE HEALTH OF A FIRM

1.1. Why Financial Statements are important and where they can be sourced from

1.1.1. The Basic Accountancy Equation

1.1.2. Investor Relations Website

1.1.3. Yahoo! Finance, Bloomberg and other Databases

1.2. The Balance sheet: What we have and what's its origin

1.2.1. The Concept of Asset

1.2.2. The Concept of Liability

1.2.3. The Concept of Shareholders' equity

1.3. The Income Statement or Profit and Loss (P&L): What has happened?

1.3.1. Different levels of Profits: Gross Margin, EBIDTA, EBIT, EBT and Net Profit and why it is important to distinguish among them.

1.4. Brief review of Statement of Cash Flows

1.4.1. Why it is important and how it is presented to us.

1.5. Market Data: What do we need to understand accountancy? Basic Shares Outstanding, Share Price and Credit Ratings

2. ANALYZING PROFITABILITY

2.1. Return on Invested Capital. Are we earning money?

2.2. Gross Profit Margin: How our Operations are doing?

2.3. EBITDA margin: How our Operations are doing given the company's cost structure?

2.4. EBIT margin: How our Operations are doing given the company's cost structure and the level Capex?

2.5. Net Income Margin: Ok, so how are we doing overall?

3. ANALYZING A COMPANY'S ABILITY TO CREATE VALUE: GROWTH PROFILE

3.1. Return on Invested Capital (ROIC): How much the company is earning?

3.2. Return on Equity: How much shareholders are earning?

3.3. Return on Assets: How much money are we extracting from our assets?

3.4. Implied Dividend Yield: How much cash are investors getting?

4. CREDIT PROFILE

4.1. Leverage Ratio: Ability to pay our debts

4.2. Capitalization Ratio: Funding Structure of the company.

5. FINANCIAL MARKETS

5.1. What is traded in financial Markets and what is not? Financial vs Real Assets

5.1.1. Fixed-income or debt securities: Non-shareholder funding

5.1.1.1. Money Markets: Liquidity Source

5.1.1.2. Capital Markets: Long term funding source

5.1.2. Equity Markets: Ownership of Companies

5.1.3. Basic Derivatives: What they are and how they work

5.1.3.1. Options 5.1.3.2. Futures

5.1.3.3. Swaps

5.2. Financial markets and the Economy: How everyone is related to the financial markets.

5.3. The investment in financial Assets Process

5.4. Financial markets characteristics

5.4.1. Types of market

5.4.1.1. Direct Search Markets

5.4.1.2. Brokered markets

5.4.1.3. Dealer markets (Over-the counter)

5.4.1.4. Action markets:

5.4.2. Characteristics of a good market: Liquidity, Low transaction costs and Transparency

6. RETURN AND RISK RELATIONSHIP

6.1. Real vs Nominal Interest Rates

6.2. What is return?

6.3. Rates of Return for Different Holding Periods

6.3.1. Annual Percentage Return (APR): Real Returns on an investment

6.3.2. Effective Percentage Return (EPR): Comparable Returns on an investment

6.4. Risk Aversion and investments in the Financial Markets: the more risk, the more return.

7. THE CAPITAL ASSET PRICING MODEL (CAPM) FROM A PRACTITIONERS' PERSPECTIVE

7.1. The Security Market Line (SML)

7.1.1. What is it and what it does? The theoretical cost of capital or required return

7.1.2. Assumptions

7.1.3. The concept of Beta and where to source it from

7.1.4. Practical Applications of the results

METHODOLOGY

TRAINING ACTIVITIES:

Training activities	ECTS Credits	Competencies
Lectures presenting concepts and procedures	1	CT5,CT6, CE1,CE3
Practical sessions (exercises, case resolution)	1	CT5,CT6, CE1,CE3
Assignments by Students	0,5	CT5,CT6, CE1,CE3
Seminars or tutorials	0,25	CT5,CT6, CE1,CE3
Personal study activities	0,5	CT5,CT6, CE1,CE3
Assessment sessions	0,25	CT5,CT6, CE1,CE3
Internship in Company	-	-
TOTAL	3,5 ECTS	

EXPLANATION OF TEACHING METHODOLOGY

The methodology used includes the following training activities:

1. Exposition of concepts and procedures. Interactive presentation of the subject by the teacher and study of the same by the student.
2. Resolution of exercises. Preparation and resolution by the students of various exercises, as well as their presentation.
3. Preparation and submission of papers. Elaboration of individual or group work and its subsequent oral presentation in class.
4. Seminars and tutorials. Resolution of individual or small group doubts that allows to improve the learning process and optimize personalized attention.

EVALUATION

METHODS OF EVALUATION

Evaluation Methods	Weight	Competencies
Final exam	20%	CT5,CT6, CE1,CE3
Partial exams	30%	CT5,CT6, CE1,CE3
Following up activities	10%	CT5,CT6, CE1,CE3
Homework and presentations	10%	CT5,CT6, CE1,CE3
Experimental work or fieldwork	-	
Projects	30%	CT5,CT6, CE1,CE3
Evaluation of the company or institution	-	
Participation	-	

LEARNING OUTCOMES

The student should be able to:

1. Create a Business Profile of a company including: Sector, Products & Services, Consumers and End Markets, Distribution Channels and Geography
2. Create a Financial Profile of a given company including: Size, Profitability, Growth Profile and Credit Profile.
3. Analyze the market information of the company and relate it to the output of the Business and Financial profiles.

EVALUATION

1 The group will be divided into groups or teams. Each team will be responsible for:

- i. Investment Banking type presentation valued at 10% of the final mark.
- ii. Analyst Report Project worth 30% of the final grade

2. In addition each student is responsible for preparing the case studies and the readings that will be assigned to each lesson. It is expected a dynamic participation from all participants. It accounts for 10% of the final grade.

3. Quizzes 30%

4. Final Exam 20%

EVALUATION OF COMPETENCIES

As a final project the students in the course are asked to develop a project on a given company by using the accountancy and financial data provided and all the information about the business profile that can be sourced by the students. The progress is followed by the lecturer by three oral presentations accompanied by a short written report in the first two and a full report a week after the final presentation to include the feedback given in the session.

STRUCTURE OF THE ASSESSMENT In order to assess the competences and also to verify the progress across the course, the assessment structure of the final project is as follows:

First assessment item (1AI): Presentation and discussion about the **BUSSINESS PROFILE** of the company assigned.

Second assessment item (2AI): Presentation and discussion about the **FINANCIAL PROFILE** of the company assigned.

Third assessment item (3AI): Presentation and discussion about the complete project including:

- **BUSSINESS PROFILE**
- **FINANCIAL PROFILE**
- **MARKET DATA**

The level of achievement is assessed in the following way:

Excellent achievement (3) meaning: Students have deep knowledge about financial information analysis and management”

Average achievement (2), meaning: Students have some knowledge about financial information analysis and management”

Poor achievement (1), meaning: Students have poor knowledge about financial information analysis and management”

BIBLIOGRAPHY

Bibliography

- Weygandt, J. J., Kieso, D. E., & Kimmel, P. D. (2014). Financial accounting (9th ed.)
- Wiley. Rosenbaum, J., & Pearl, J. (2009). Investment banking: valuation, leveraged buyouts, and mergers & acquisitions.

DOCUMENT RECORD

PREVIOUS CHANGES

LAST REVISION

July the 11th, 2017. Dr. Silvia Bou

[Tornar a revisar](#)

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