



Instituto Superior de Economia e Gestão
UNIVERSIDADE TÉCNICA DE LISBOA

Gestão Financeira II

Syllabus

Undergraduate Programs

2010-2011 (Fall Semester)

FACULTY: Clara Raposo (Coordinator) – clararaposo@iseg.utl.pt
José Miguel Almeida
Tiago Gonçalves
Débora Martins

COURSE OBJECTIVES: This course develops the tools previously seen in Financial Statement Analysis and Calculus, with the main objective of understanding the financial decisions made by firms.

The course covers the fundamental concepts and tools of the modern theory of Finance that are required to analyse corporate financial decisions.

After a revision of basic concepts, the course will address the Investment Decision (Capital Budgeting), the Financing Decision (choice of Debt and Equity Capital), and the Payout Decision (whether to distribute or retain earnings, and how).

The teaching approach combines lectures (with the presentation of the theory and examples of the main concepts) with classes (in which practical problems are discussed).

By the end of the semester students should be familiar with the determinants of the financial decisions of corporations, and understand how these decisions are made, based on the theory of Finance.

COURSE OUTLINE: The first part of the course deals with corporate valuation problems (capital budgeting) assuming a given discount rate (cost of capital), disregarding the source of financing.

The second part of the course considers different types of financing: Equity and Debt, and the returns required by these sources of capital.

The third part of the course explores the choice of optimal capital structure with the objective of maximizing firm/shareholder value.

Finally the course covers the fundamental concepts of Payout Policy.

BIBLIOGRAPHY:

Berk and DeMarzo, *Corporate Finance*, 2nd Edition, Pearson, 2011.

Students are strongly encouraged to buy the textbook, and use it extensively to study in depth the subject. Lectures and classes are great help, but only 4 hours a week – not enough. This is a hard working course. The book gives you access to “MyFinanceLab”, a powerful source of studying material, data, problems, tests, etc.

Students also have access to the power point lecture notes, and to problem sets based on Berk and DeMarzo’s end of chapter problems.

OFFICE HOURS:

Clara Raposo (Lecturer): Mondays 2:30-3:30pm, Room 616, Rua Miguel Lupi, 20.

Each class instructor will inform his/her groups of the office hours.

GRADING:

- Mid-Term Test (20% of final grade), during week 8 (November 8th-12th), in the class;
- Group Work Assignment (25% of final grade), consisting of analysing and solving a case. Students must organize themselves in groups of three to four participants. Students must prepare a written report (hard copy), together with an Excel spreadsheet (sent by email). The due date is December 17th. The outline of the case will be distributed by the end of October.
- Final Exam (55% of final grade), with a minimum grade of 8.5/20.
- Students with a final grade higher than 15 may be required to present themselves for an oral exam to defend their grades.