



## Gestão Financeira II

### Syllabus

#### Undergraduate Programs

2011-2012 (Spring Semester)

**FACULTY:** Clara Raposo (Coordinator) – clararaposo@iseg.utl.pt  
José Miguel Almeida  
Débora Martins  
Artur Patrício

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**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.

The course ends with 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 the subject in depth. 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): Tuesdays 11:00-12:00am, Room 616, Rua Miguel Lupi, 20.

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

**GRADING SYSTEM (according to the Internal Regulations RGAC 2011-2012):**

- In the **Continuous Evaluation System** the grading elements are:
  - **Mid-Term Test** (20% of final grade), on **SATURDAY APRIL 14<sup>th</sup>, at 11:00**.
  - **Group Work Assignment** (25% of final grade), consisting of analysing, solving and presenting a case. Students must organize themselves in groups of four to five participants. Students must prepare a written report (hard copy), together with an Excel spreadsheet and a powerpoint presentation (in a CD-rom). The due date is **FRIDAY MAY 18<sup>TH</sup>**. The outline of the case will be distributed by the end of March.
  - Final Exam (55% of final grade), with a minimum grade of 8.5/20.
  - The Final Grade will be the maximum of: (i) the average of the 3 elements (mid-term test, group work assignment and final exam) or (ii) the final exam grade.
  
- In the **Final Evaluation System**:
  - The only grading element is the final exam.
  - Students who do not participate in the continuous evaluation system can only present themselves to the Final Exam in **Época de Recurso**.
  
- **IMPORTANT RULES:**
  1. The exam of "Época Normal" is only for students in the continuous evaluation system. If the exam grade is higher than the continuous evaluation average, these students may keep the final exam grade.
  2. Students who are not in the continuous evaluation system (i.e., students who do not show up for the mid-term test and do not submit the groupwork assignment) count as having zero in those elements in the "Época Normal" exam.
  3. In "Época de Recurso" students in the continuous evaluation system can keep their continuous evaluation grades, and students in the final evaluation system get their final exam grade.
  4. Students with a final grade higher than 17 may be required to defend their grades in an oral exam.