



4.00 credits

30.0 h + 15.0 h

Q1

Teacher(s)	Grégoire Philippe ;
Language :	French
Place of the course	Louvain-la-Neuve
Main themes	<p>This course is focused on the contribution of financial theory in decision-making processes during situations of uncertainty. The decisions to be taken can be distinguished in terms of their short- or long-term duration. Long-term decisions include investment choices, financing choices and dividend policies. Short-term decisions related to treasury, client-supplier account and stock management. Analysis will thus be restricted to maximisation of a company's value and more particularly maximisation of shareholders' wealth. Within this theoretical framework, the financial approach can provide precise answers that make it possible to structure the decision-making process. Limiting the theoretical framework in this way by no means indicates that the final decisions taken by companies should be limited to this single dimension without considering the interests of the numerous parties involved in the life of the company (shareholders, managers, employees, suppliers, etc.) It is also recognised these days that businesses have a social responsibility and that their thinking needs to include an ethical dimension. However, the Finance course focuses only on the financial dimension of the decision-making process, whilst acknowledging that businesses are not guided simply by this one dimension. Analysing business financing decisions requires an understanding of the mechanisms of price formation at play in a financial market and more specifically, of the relation in the market between expected profit and risk taken. The final part of the course, which aims to meet the course's initial objective of providing students with a " broad cultural overview" of Financial Studies, introduces students to models that do not fit into the traditional approach.</p>
Learning outcomes	
Evaluation methods	Final exam is based on a written examination. However, the course includes continuous assessment to improve the grade of the written exam.
Teaching methods	The lecture is given in the auditorium to all students. The exercise sessions are given in classrooms to different groups.
Content	<ol style="list-style-type: none"> <li>1. Time value of money</li> <li>2. Bond valuation and credit risk</li> <li>3. Valuation of shares. DCF method (Gordon and Shapiro) and Multiples method</li> <li>4. Capital Budgeting. The different criteria for ranking investments</li> <li>5. The risk-return relationship</li> <li>6. Diversification and optimal portfolio selection (Markowitz)</li> <li>7. The Capital Asset Pricing Model</li> <li>8. The weighted average cost of capital (WACC)</li> <li>9. The choice of financial structure, the impact of taxation and bankruptcy costs</li> <li>10. Dividend policy</li> <li>11. Mergers and acquisitions</li> </ol>
Bibliography	<ol style="list-style-type: none"> <li>1. Corporate Finance, Jonathan Berk et Pieter DeMarzo</li> <li>2. Fundamentals of Corporate Finance, Richard Brealey, Stewart Myers et Alan Marcus</li> <li>3. Principles of corporate finance, Richard Brealey et Stewart Myers</li> </ol>
Other infos	<p><b><u>Ce cours est donné en français.</u></b></p> <p>Prerequisite: Financial Statement Analysis</p>
Faculty or entity in charge	ESPO

<b>Programmes containing this learning unit (UE)</b>				
Program title	Acronym	Credits	Prerequisite	Learning outcomes
Minor in Management (ESPO students)	MINAGEST	4		
Minor in Mangement (basic knowledge)	MINOGEST	4		
Bachelor in Economics and Management	ECGE1BA	4		