



Academic year	2018-19
Subject	11471 - Corporate Finance for Tourism Firms
Group	Group 1

Syllabus

Subject

Subject / Group	11471 - Corporate Finance for Tourism Firms / 1
Degree	Master's Degree in Tourism Management and Planning
Credits	3
Period	Second semester
Language of instruction	English

Professors

Lecturers	Office hours for students					
	Starting time	Finishing time	Day	Start date	End date	Office / Building
Antonio Vaello Sebasti�a antoni.vaello@uib.es	15:00	16:00	Wednesday	03/09/2018	31/07/2019	DB002 / Jovellanos

Context

To run a tourism firm, first of all there should be investors that provide enough capital to start the necessary investments. These investments give shape to the identity of the company: it is not the same to build a hotel with the capital raised than to buy machinery to make cars. In the first case, we would constituting a tourism company and, in the second case, an industrial one, both completely different. In addition, among all the hotels that can be purchased, there are different possibilities. Each of these possibilities will have some advantages and some disadvantages, which from the financial point of view will be translated in expectations of increased income and risk involved with investment. One of the first and most basic financial decisions to be taken by the tourism firm is to decide which alternative runs, so there are a number of techniques that will be studied in this course. The basic premise is that companies are not isolated in the world, financially speaking. Investors, rather than investing in our company can always invest in financial markets. The return that investors can get in financial markets under similar conditions of risk is the opportunity cost of investments of the company, therefore the alternative investment selection techniques always try to identify alternatives that offer a higher return than this opportunity cost. To understand what this cost of opportunity meant it must be understood the functioning of financial markets. But in addition, company may seek funding from two very different type of investors, owners (shareholders in companies) and lenders (banks or investors who buy debt issued by the company traded on financial markets, etc...). The combination of funds from owners and lenders funds affects the investment-generating resources. For example, interest paid on debt reduces the benefit of the company, and thereby reducing the taxes paid by the company. The investment selection Techniques will be in this course also take into account the effect of debt on resources generated by investments. Debt is a source of primary funding in the company, accelerates the growth possibilities of the business but also provides financial risk to the same. That is why in this subject we will study the main sources of debt financing. In summary this subject includes what is known as Corporate Finance, seeking investment decisions (which projects to undertake), financing decisions (from which we obtain resources to finance investment), and short-term financial management (daily cash forecasting, etc.). From all this we will focus on investment decisions by considering the effects of how to finance the company, see a description and analysis of the different sources



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of corporate funding, and we will see how we can analyze accounting data to make financial decisions; to understand the financial situation of a company, information to analyze the viability of a project, etc...

Requirements

During the course we will be studying different methods to make investment decisions, to choose the optimal capital structure and other issues on corporate finance applied to the tourism firm. To do so, we will need some tools (accounting, financial mathematics, etc) that will help us to solve the problems and exercises

Recommended

Accounting information is the basic information generated by the companies for financial decisions, and it is recommended that the student knows to use it. The student will also need basic notions of financial mathematics to solve problems and exercises.

It is also recommended to understand certain aspects of corporate finance and financial markets, though it is not an essential requirement because the course is self-contained. It is recommended to have completed previous subjects about Markets and Financial Operations and Financial Economics. Also, description of the financial environment and the analysis of fixed income assets .

Skills

Specific

- * [CE1] Learn how to deal with techniques of data collection and analysis and their application in the tourism sector. [CE4] Learn how to apply the techniques of financial management in tourism organizations. .
- * [CE18] Learn the economic models, fundamentals for strategic decision making, pricing methodologies, competition and regulation that affect the tourism sector, as well as the relevant economic analysis tools for decision-making and sustainable development, both in private companies and tourism organizations. .

Generic

- * [CG1] Know how to find, process and analyze information concerning the tourism sector from different sources. .
- * [CG2] Know how to work in a team and deal with problematic situations in a collaborative way. .
- * [CG4] Know the fundamentals and apply methodologies suitable for the analysis of the tourism sector. .

Transversal

- * [CT6] Being able to take decisions and solve problems. .

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Basic

- * You may consult the basic competencies students will have to achieve by the end of the Master's degree at the following address: http://estudis.uib.cat/master/comp_basiques/

Content

Range of topics

Investment policy. Investment policy

In this chapter we try to see how to use financial reporting, accounting information primarily, to analyze the economic and financial situation of a company and for making the decision to carry out significant investments.

Real options. Real Options

In this chapter, the student will learn what real options are and their relevance to value firms and investments in the tourism sector

Financial Structure. Financial Structure

This chapter analyzes the optimal capital structure for the tourism firm. More concretely, we analyze how the combination of capital and debt affect the level of risk of the tourism firm, and the pros and cons of each type of financing

Dividends policy. Dividends policy

The student will learn about the different dividend policies that a tourism firm can follow in order to compensate shareholders for their investment. We analyze how dividends are interpreted as signals of the firm soundness by the markets and why firms are reluctant to modify (decrease) their dividends.

Working capital management. Working capital management

In this chapter we will study the management of the short-term payments and revenues derived from the current assets and liabilities in the tourism firm.

Teaching methodology

In-class work activities (0.72 credits, 18 hours)

Modality	Name	Typ. Grp.	Description	Hours
Theory classes	Theory classes	Large group (G)	The teacher will present the theoretical foundations of the subject. At the same time, made practical examples for the correct understanding of theoretical contents. In each subject, the student will have information on the material that will be used to independently prepare content. It will promote active student participation.	12

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Modality	Name	Typ. Grp.	Description	Hours
Practical classes	Exercises and cases	Large group (G)	By the method of solving exercises and problems, students put into practice the knowledge acquired in theory classes. The professor will promote active student participation.	4
Assessment	Exam	Large group (G)	It consists on a final exam at the end of the course	2

At the beginning of the semester a schedule of the subject will be made available to students through the UIBdigital platform. The schedule shall at least include the dates when the continuing assessment tests will be conducted and the hand-in dates for the assignments. In addition, the lecturer shall inform students as to whether the subject work plan will be carried out through the schedule or through another way included in the Aula Digital platform.

Distance education tasks (2.28 credits, 57 hours)

Modality	Name	Description	Hours
Individual self-study		The student must dedicate time to personal study to be able to understand the contents of the subject.	26
Individual self-study	Proposed exercises	Students have to work individually or in group on solving exercises by themselves to be sure they understand the theory and are able to put into practice. Students will have to solve 4 problem sets at the end of each chapter.	31

Specific risks and protective measures

The learning activities of this course do not entail specific health or safety risks for the students and therefore no special protective measures are needed.

Student learning assessment

Frau en elements d'avaluació

In accordance with article 33 of Academic regulations, "regardless of the disciplinary procedure that may be followed against the offending student, the demonstrably fraudulent performance of any of the evaluation elements included in the teaching guides of the subjects will lead, at the discretion of the teacher, a undervaluation in the qualification that may involve the qualification of "suspense 0" in the annual evaluation of the subject".

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Exam

Modality	Assessment
Technique	Objective tests (retrievable)
Description	It consists on a final exam at the end of the course
Assessment criteria	Theory and exercises to be solved

Final grade percentage: 50%

Proposed exercises

Modality	Individual self-study
Technique	Objective tests (non-retrievable)
Description	Students have to work individually or in group on solving exercises by themselves to be sure they understand the theory and are able to put into practice. Students will have to solve 4 problem sets at the end of each chapter.
Assessment criteria	At the end of each chapter, problem set related with the contents of the chapter. The grade percentage of each problem set will be 12.5% of the final mark.

Final grade percentage: 50%

Resources, bibliography and additional documentation

Basic bibliography

Ross, Westerfield and Jordan (2010) Fundamentals of Corporate Finance. 9th edition. McGraw-Hill

Complementary bibliography

Brealey, Myers and Allen (2010) Principles of Corporate Finance. 9th edition. McGraw-Hill
Brealey, Myers y Marcus (2007) Fundamentals of Corporate Finance. 6th edition. McGraw-Hill
Grimblatt and Titman (2002) Financial Markets and Corporate Strategy. 2nd edition. McGraw-Hill
Lassala, Medal, Navarro, Sanchis, y Soler (2007) Dirección Financiera II-Métodos de Financiación Empresarial. Ed. Pirámide
Pedreira (2007) Fundamentos de Financiación. Ed. Universitaria Ramon Areces
Pedreira (2007) Manual de Teoría de la Financiación. Ed. Universitaria Ramon Areces
Ross, Westerfield and Jaffe (2009) Corporate Finance. 9th edition. McGraw-Hill