1. Description of the subject

- Topics in Finance  
  Code: 32593
- Total credits: 3 ECTS  
  Workload: 75 hours
- Type of subject: Elective  
  Term: 3rd
- Department of Economics and Business
- Lecturer: Javier Gómez Biscarri

2. Teaching guide

Introduction

This is a course that covers a number of topics in empirical corporate finance and empirical financial accounting. It is meant to expose students to the main research areas which use firm’s financial information. It is a particularly useful course for students that wish to pursue an academic career in finance or accounting. The content of the course will change yearly depending on the professor assigned, so it can be taken in subsequent years.

The objectives this year are twofold: first, the course will introduce the main lines of empirical research on financial accounting, placing emphasis on the theories underlying the analyses and on how the theories were “taken to the data”; second, the course will link financial accounting research to the theory of corporate finance.

By the end of the course, the students should be familiar with the main areas of empirical financial accounting research and should know how these areas relate to empirical finance in general. Also, students will have been exposed to the standard methodologies and practices of empirical accounting researchers.

No specific background knowledge is required beyond that provided by the courses in previous quarters (especially, econometrics, financial econometrics and asset pricing)
and some basic knowledge of the structure of the financial statements of a firm. This course is intended for MRes students interested in empirical finance or accounting, but it is also suggested for students of the MSc in Economics and Finance who are thinking of pursuing a PhD in finance-related issues.

Teaching methodology
The first two sessions will present the content of the course, a review of the structure of the financial statements of the firm and a first lecture on methodological issues. The remaining eight sessions will follow a similar structure: each session will cover a topic of interest (see outline below) for which the professor will discuss the general literature on the topic (theories and empirics) and then there will be one-two presentations of specific papers done by the students. Special emphasis will be placed on the methodological issues that may be specific to each topic.

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Assessment and Grading System
Evaluation will be based on a group replication of an empirical paper (50% of the grade – details to be provided in the first week of class) and on an individual in-class presentation of one of the empirical papers in the reading list (50% of the grade – details to be provided in the first week of class).
References (papers with a * will be presented in class, subject to enrollment)

**Week 1**
- **Introduction**

- **Methodological issues (1)**

**Week 2**
- **Methodological issues (2)**

- **Stock prices, returns and earnings**

**Week 3**
- **Valuation models**

- **Market anomalies**

- **Value relevance studies**


Week 4
- Earnings forecasts: Analysts and Managers’ Forecasts

- Earnings Management

Week 5
- International issues


- Bank accounting