



FINANCIAL MANAGEMENT

Annual course (9 credits)

***Department of Finance and Operations
Management***

**Diplomatura en Ciencias Empresariales (Plan 2002)
*Escuela Universitaria de Estudios
Empresariales***

SYLLABUS (Course 2009/2010)

Instructors:

- *Dr. Manuel Ángel Martín López*
- *Dr. Antonio de la Torre Gallegos*
- *Dra. Ana Isabel Irimia Diéguez*
- *Dra. María Dolores Oliver Alfonso*

Diligencia para hacer constar que el presente programa es el depositado por el Dpto. en este Centro.
El Secretario del Centro: José Ángel Pérez López

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General Course Information

Course: Financial Management
Credit hours: 2 semesters. 9 credits (90 hours)

Class meetings

Room number 11
Tuesday 11:30 – 13:00
Thursday 13:00 – 14:30

Instructors

Dra. Ana Isabel Irimia Diéguez

Phone: 954 55 98 75
E-mail: anairimia@us.es
Office: 18

Office Hours:

First semester:

Tuesday 10:00-12:00 and 17:00-18:00

Wednesday 12:00-14:00

Second semester:

Monday 11:30 – 14:30

Tuesday 9:30-11:30

After March, 11

Monday 11:30 – 14:30

Thursday 12:30 -14:30

Dr. Manuel Angel Martín López

Phone: 954 55 64 58

E-mail: tinlo@us.es

Home-page: www.personal.us.es/tinlo; www.economistaeneltejado.com

Office: 21

Office Hours:

First semester:

Tuesday 8:30 – 11:30

Thursday 8:30 – 11:30

Second semester:

Monday 12:00 – 15:00

Thursday 8:30 – 11:30

Dr. Antonio de la Torre Gallegos

Phone: 954 55 76 26

E-mail: atorre@us.es

Home-page: www.personal.us.es/atorre

Office: 19

Office Hours:

First semester:

Tuesday 13:00 – 14:00


Wednesday 10:00 – 13:30

Second semester:

Tuesday 13:00 – 14:00

Wednesday 10:00 – 13:30

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FINANCIAL MANAGEMENT

Thursday 11:30 – 13:00

Thursday 11:30 – 13:00

Dra. María Dolores Oliver Alfonso

Phone: 954 55 76 37

E-mail : moliver@us.es

Home-page:

Office: 20

Office Hours:

First semester:

Tuesday: 10:30 – 13:30

15:30 – 16:30

19:30 – 20:30

Second semester:

Tuesday: 10:30 – 13:30

15:30 – 16:30

19:30 – 20:30

E-learning

Information available on the E-learning platform

Objectives and description of the course

The objective of this course is to introduce the student to the fundamentals of Finance, with special emphasis on corporate financial management and financial markets and institutions. Financial Management will include financial analysis, investment and financial project valuation, working capital and cash management, Markets and Institutions will specially focus on the Spanish Financial System in the frame of the European Monetary Union.

Teaching Strategies and Recommended Materials

Several teaching strategies will be employed in the course, including lectures, class discussions, problem solving demonstrations, as well as presentation and discussion of material drawn from the financial press. Students are expected to take an active role in class discussion and problem solving sessions.


The fundamental material for the course will be the class lectures (students notes), the PowerPoint slides or transparencies used by the instructor, and the basic bibliography. For each lecture, the instructor will recommend the best adapted textbook.

Several web pages are available to enlarge the knowledge and information about each topic.

Material available on the web

The course home page will lead you to the many resources available on the web. Items that may help in preparing for the class include readings, problem sets, and slide presentations (PPT). The material relating to lectures is not intended to be a substitute for class attendance.

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Attendance

Students are advised to attend all classes. A record of attendance will be kept.

Assignments

Homework exercises and questions are provided to help student master the material and to prepare them for exams. The assignments will also give the students the opportunity to exercise and enhance their written and oral communications skills through their class presentations.

Quizzes

Occasional pop quizzes may be given to allow the instructor to gauge the progress of the class.

Exams and Grading

There will be an exam for each semester and a final exam. The final exam is comprehensive. The exams will have a theoretical part and a problem solving part.


Evaluation criteria will consider class attendance, evaluation of assignments and exam scores.

Positive evaluation of all criteria of the two semesters (more than 5 over 10 points) will allow the student to drop the final exam.

Part I: AN INTRODUCTION TO FINANCE

CHAPTER 1: What is Finance?

- 1.1. Introduction
- 1.2. Defining Finance
- 1.3. The Firm: a systemic approach
- 1.4. Corporate Finance: the financial function
- 1.5. The financial objective: value creation
- 1.6. Financial main principles
- 1.7. Finance: historical evolution
- 1.8. Main programmes in Finance

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Part II: LONG TERM FINANCIAL MANAGEMENT

CHAPTER 2: FINANCIAL STATEMENTS AND ANALYSIS

- 2.1. Understanding Financial Statements
- 2.2. The Balance Sheet. Book values and Market Values
- 2.3. The Income Statement
- 2.4. Profit versus Cash Flow
- 2.5. The Statement of Cash Flows
- 2.6. The components of Working Capital
- 2.7. Practice Problems

CHAPTER 3: LONG-TERM INVESTMENT DECISIONS


- 3.1. Introduction
- 3.2. Definition and Classification of investment
- 3.3. Stages in the analysis of investments
- 3.4. Evaluation of investments: fundamental variables for the analysis of investments
 - 3.4.1. The Role of Taxes in financial
 - 3.4.2. Amount of Investment
 - 3.4.3. Net Cash Flows
 - 3.4.4. Investment's terminal value
 - 3.4.5. Temporary horizon of the valuation
- 3.5. Evaluation of investments: Criteria used in economic evaluation
 - 3.5.1. Criteria of Net Present Value (NPV)
 - 3.5.2. Criteria of Internal Rate of Return (IIR)
 - 3.5.3. PayBack period
- 3.6. Comparison and selection of investments
- 3.7. Incorporating Risk in the analysis of investments
- 3.8. Practical application and case study

CHAPTER 4: LONG-TERM FINANCING DECISIONS

- 4.1. Introduction
- 4.2. Classification of Financing
- 4.3. Long-term external financing: Equity and Long-Term Debt
- 4.4. Long-term external financing: Bank Financing, Leasing, Renting
- 4.5. Internal Financing (Retained earning, Amortization, provisions)
- 4.6. The Cost of Capital
- 4.7. Practical application and case study

APPENDIX: FINANCIAL FEASIBILITY OF AN INVESTMENT/FINANCING PROJECTS

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Part III: SHORT TERM FINANCIAL MANAGEMENT

CHAPTER 5: WORKING CAPITAL MANAGEMENT AND SHORT TERM PLANNING

- 5.1. Introduction
- 5.2. The Components of Working Capital
- 5.3. The Cash Operating Cycle
- 5.4. Solvency Analysis
- 5.5. Profit versus Cash
- 5.6. Cash budgeting
- 5.7. Practical applications

CHAPTER 6: SHORT TERM CASH DECISIONS


- 7.1. Introduction
- 7.2. Cost of short-term financing
- 7.3. Bank financing
 - 7.3.1. Bank Loan
 - 7.3.2. Line of credit
 - 7.3.3. Accounts receivable financing
- 7.4. Others types of short-term financing
 - 7.4.1. Factoring
 - 7.4.2. Reverse factoring (Confirming)

Part IV: The Corporate Finance Environment

CHAPTER 7. The Financial Markets

- 1. Introduction.
- 2. The financial actors: lenders and borrowers, savers and investors.
- 3. The financial assets.
- 4. Direct funds transfer, investment banking and financial intermediaries.
Brokers and Dealers
- 5. The financial markets: types.
- 6. The development of financial innovation: recent trends
- 7. The structure of the Spanish Financial System
- 8. The organized Financial Markets in Spain
- 9. The European Monetary Union: the single currency (euro), the European Central Bank and Monetary Policy

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CHAPTER 8. **The Money and Capital Markets**

1. The Money Markets: Concept and characteristics.
2. The assets of the money market.
3. Government Money Markets Assets: Treasury Bills
5. Corporate Money Market Assets.
6. Financial Intermediaries Money Market Assets.
 - 6.1. Interbank Market.
 - 6.2. Interbank Market in the European Economic and Monetary Union.
 - 6.3. Hybrid Markets: mortgages. The market for Mortgage Pools and other Securitized Assets
7. The Capital Markets: Definition and Characteristics
8. Medium and Long Term Debt Assets
9. Bonds Valuation: yield and price. Debt risk: credit and market risk. Rating
10. The stocks (shares): concept and types
11. The Stock Exchange. Stock Exchange operations. Stock Market Indicators

BIBLIOGRAPHY

BREALEY MYERS MARCUS
Fundamentals of Corporate Finance
McGraw-Hill, Inc. (2004)

BODIE, ZVI; KANE; ALEX; MARCUS, ALAN J.
Essentials of Investments
McGraw-Hill (2004)

FABUZZI, FRANK J. & MODIGLIANI, FRANCO
Capital Markets: institutions and instruments
Prentice Hall. New Jersey (1992)

PETERSON, PAMELA P.
Financial Management and Analysis
McGraw-Hill, Inc. (1994)

Helpful financial Internet links will be supplied in each chapter.

Seville, 23 September 2009

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