

SYLLABUS MODULE 2

Course Information	
Course Title	ECONOMIC FINANCIAL MANAGEMENT (EFM)
Degree	Master in International Industrial Project Management
Semester	1 st .
ECTS Credits	8,7
Department	ICADE Business School
Field	Finance

Lecturers Information	
Lecturer and coordinator	
Name	Maria Luisa Garayalde
Department	IBS
Field	Finance
ECTS	4,3 (43 hours)
e-mail	mlgarayalde@telefonica.net
Tutorial Hours	Available on request via email
Lecturer	
Name	Marta Prestamo
Department	IBS
Field	Finance
ECTS	2,4 (24 hours)
e-mail	Marta_prestamo@hotmail.com
Tutorial Hours	Available on request via email
Lecturer	
Name	Javier Márquez Vigil
Department	Gestión Financiera
Field	Finance
ECTS	1 (10 hours)
e-mail	jmarquez@icade.comillas.edu
Tutorial Hours	Available on request via email



DETAILED INFORMATION ABOUT THE COURSE

Context of the module

Contribution to the professional profile of the degree

This course should provide students with a general and practical overview of the key ideas on financial management. This course will introduce concepts and techniques that allow the student to understand financial accounting statements and to determine the financial situation of a company and its future trends, giving the tools allowing the future managers make decisions to fulfill organizational goals.

The student should also learn the basic principles for making correct corporate finance decisions in order to create value for the shareholders.

Objectives

The student will be able to:

- Understand financial accounting and statements.
- Determine the economic situation of a company and the causes why the company is in that situation. Estimate the future financial performance of that company.
- Make investment decisions
- Understand the risk-return trade-off
- Understand Cost and Management Accounting fundamentals.
- Analyze and evaluate information for cost measurement, planning, control and decision making
- Elaborate and manage a budget in its lifecycle
- Deal with all the cost-related aspects inside an international industrial project.

Prerequisites

None



THEMATIC UNITS AND CONTENT

Content – Module
Topic 1: Fundamentals of financial accounting
<p>1.1 Accounting is the most spoken international language.</p> <p>1.2 The Balance Sheet: Production Structure vs. Financial Structure.</p> <p>1.3 The Profit & Loss Account: Diving into Earnings as a first approach to profitability</p> <p>1.4 The Cash Flow Statement: revenues and expenses vs. inflows and outflows.</p> <p>1.5 Free Cash Flow: True Love.</p>
Topic 2: Financial Statements Analysis
<p>2.1 The right approach: pay attention to the ratios!</p> <p>2.2 Looking back into the past: what has happened and why.</p> <p>2.3 Understanding the present: is the current situation sustainable or changeable?</p> <p>2.4 Estimating the future: how to project financial trends.</p> <p>2.5 Do not idolize figures! Interpretation is the key.</p>
Topic 3: Capital Investment Analysis and Financing decisions
<p>3.1 The time value of money</p> <p>3.2 Valuation and selection of capital investments</p> <p>3.3 Risk and return: understanding the CAPM</p> <p>3.4 The weighted average cost of capital</p>
Topic 4 Cost and Management Accounting
<p>4.1 Internal users financial information needs. Differences with Financial Accounting</p> <p>4.2 Analytic accounting. Cost fundamentals. Cost classification for stock valuation</p> <p>4.3 Job-Costing and Process-Costing Systems. Standard-Costing</p> <p>4.4 Cost pools. Cost allocation. Activity-Based Costing and Activity-Based Management</p>
Topic 5: Cost Controlling, Budget Controlling and Financial Planning
<p>5.1 Budgets and the Budgeting Cycle. Deviations management.</p> <p>5.2 Budget of fixed and variable costs, including preparing a flexible expense budget. Use of internal budgeting tools.</p>
Topic 6: Firm Valuation



Topic 7: Currency risk Exposure

- 5.3** Foreign Exchange Parity Theories.
- 5.4** Off-shore projects
- 5.5** Project Evaluation in Emerging Markets

Skills

Generic skills provided by the module

- CG1. Being able to analyze and synthesize acquired knowledge applying it to real life business situations and management problems
- CG3. Problem solving and decision making both from a strategic and operating perspective within a corporate organization, taking into account the interaction between different business and support units.
- CG5. Interpersonal skills to listen, discuss and persuade when working cooperatively in a multidisciplinary team so to be able to take different roles, including a leadership position.
- CG6. Ethical commitment to act according to moral values and organizational principles when facing ethical dilemmas and social corporate responsibility issues

Skills specific to the sub-field of knowledge

The student knows and understands asset valuation techniques, capital budgeting tools, is able to differentiate among several sources of funds. He can design and implement financial strategies when managing a business.



TEACHING APPROACH AND STRATEGIES

General learning and teaching approach for the module	
<p>This course is mainly taught through the practice of finance. Since some of the concepts and ideas may be new, and sometimes not easy to grasp, there will be some time devoted to theoretical teaching sessions, but the emphasis will be on the practical use of those ideas. This will be achieved with the case study methodology. This does not mean there will be a regular teaching sessions followed by an example in the form of a case study. Rather the case study will be presented first, analyzed and discussed and from there key ideas will be extracted and theoretical conclusions will be reached. Students are expected to read and prepare the case studies and assigned materials prior to the class. Active student participation is of paramount importance.</p>	
Class-based activities	Skills
1. Lectures & expositive and interactive classes	SS1 , SS2, GS1
2. Case presentation (team practice).	SS2 , SS3, GS3
3. Individual oral presentations	SS3 , GS1, GS3
4. Exam	SS3 , GS2
Out of class activities	Skills
Individual study and organised reading	



ASSESSMENTS AND ASSESSMENT CRITERIA

Assessment activities*	CRITERIA	Weight
Class participation and continuous evaluation	Critical and self-criticism ability. Capacity of applying Innovation to real business cases. Capacity for the development and the transmission of ideas and solutions Initiative and intrapreneurship	40%
Final Exam	Knowledge and comprehension of the key elements Capacity of analysis and synthesis for decision making Leadership and teamwork capacity	60%

Each teacher of the subject will put a note of participation. The final grade in this section will be the average of these individual grades, weighted by the number of hours of class taught by each teacher.

The final exam will consist of a group work of 3-4 students on a real company. A budget/business plan for the next 4 years, an analysis of the current and future situation according to these forecasts and an assessment of the company for a possible IPO should be drawn up.

A written report will be made which will then be presented before a tribunal made up of the professors of the subject. The oral presentation will be of 20/30 minutes, followed by a question time.



RESOURCES

Basic Bibliography

- Brealey, Richard; Myers, Stewart and Allen, Franklin (2011): *Principles of Corporate Finance*, Concise Edition, Second Edition. Ed. McGraw-Hill International.
- Aswath Damodaran (2002), *Investment Valuation*, John Wiley & Son.
- Ross, Stephen A.; Westerfield, Randolph W. and Jordan, Bradford D (2011): *Essentials of Corporate Finance*, Seventh Edition. Ed. McGraw-Hill. Global Edition

Transparencies and additional course materials

Cases for module 4:

- Limited Editions Incorporated – Harvard Business Publishing
- Hilton Manufacturing Co. – Harvard Business Publishing
- Destin Brass Products Co. – Harvard Business Publishing

Cases for module 5:

- GdL (Giocattolo di Legno), SpA – IESE Business School
- Blackheath Manufacturing Company Revisited - Darden Business Publishing

Complementary Bibliography

Sudarsanam, Sudi (2010): *Creating Value from Mergers and Acquisitions*. Ed. Prentice Hall (2nd edition)