



BACHELOR'S DEGREE IN BUSINESS ADMINISTRATION

Course	Principles of Business Financial Management	Code	802267
Module	Basic Education	Area	Business
Character	Basic		
Credits	6	Attendance	2.7
		Non Attendance	3.3
Year	First	Semester	2

Department	DEPARTMENT OF FINANCIAL ECONOMICS AND ACCOUNTING III Coordinator: Javier Bilbao	
Professor	e-mail	
Jaime Álvarez Plaza	jjalvare@pdi.ucm.es	

SYNOPSIS

SHORT DESCRIPTION
Basics of financial management
RECOMMENDED BACKGROUND
Basic knowledge about finance and accounting from high school
EDUCATIONAL GOALS
OBJETIVES (Results of the learning process)
Introduce students to the Basic Concepts related to the financial management of a firm



COMPETENCIES

Cross-sectional: CT1, CT4, CT5

General: CG1, CG2, CG3, CG4

Specific: CE1, CE3

LEARNING METHODOLOGY

A mixed methodology of teaching and learning will be used in all educational activities with the aim of encouraging students to develop a collaborative and cooperative attitude in the pursuit of knowledge.

CONTENTS

1. Introduction to financial management of a firm
2. Working capital management
3. The importance of cash-flows
4. Tools for financial managers.
5. The time value of money
6. Capital budgeting
7. Capital structure decisions in a firm.
8. Capital and Money markets
9. The cost of Financing

TEACHING ACTIVITIES	% OF TOTAL CREDITS	ATTENDANCE
Lectures	20%	100%
Classes	20%	75%
Tutorials	6%	100%
Assessment activities	4%	100%
Homeworks and class assignments	20%	0%
Time to study	30%	0%



ASSESSMENT		
EXAM	Weight in the final mark	60%
Final exam		
Other activity	Weight in the final mark	30%
Continuous assessment based on attendance, on time delivery of essays and coursework and intermediate tests carried out without previous notice. Seminars will be organized every four weeks.		
Other activity	Weight in the final mark	10%
Assessment of regular participation and proper attitude in class.		
ASSESSMENT RULES		
<p>Students may qualify for 'No presentado' (SUBJECT NOT TAKEN) if they stop attending classes and course activities during the first month and a half of teaching. After this period, it will be understood that such students are in continuous assessment. A minimum of 75% of attended classes and seminars will be required in order to be assessed.</p> <p>In case any student has made use of illegal methods during the quizzes and tests, the department will conduct an oral examination</p> <p>Students who do not take the extra final exam in July (the precisely date will be set up by the Academic Secretary), shall be deemed EXAM NOT TAKEN (NO PRESENTADO), regardless if the student carried out the continuous assessment or not.</p> <p>If the later exam is taken, the final mark on the subject will be computed by applying assessment rules set up in the program of the subject.</p> <p>Continuous assessment in the extraordinary examination: in case one student has failed the ordinary examination, having attended the final exam and participated in the continuous assessment, the mark to be considered as continuous assessment for that extraordinary examination will be the final mark obtained in the ordinary examination.</p> <p>Exam: Objective valuation based on the results, with the minimum mark to compute the final average being 5 out of 10 points.</p> <p>Continuous assessment: Objective assessment of attendance, delivery of coursework and results on intermediate test(s). Subjective assessment of</p>		



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attitude and participation.

Details about the final mark:

- Any student not attending at least the first six weeks and not taking the exam in May have the right to get 'No presentado' (Not taken) in the final mark.
- Any student attending at least six weeks but failing to attend the exam will get 'Suspenso' (Failed) in the final mark in May.
- Any student not taking the exam in June will have 'No presentado' (Not taken) in the final mark in June.
- In the case of students who had been caught using illegal means in the previous exam, the Department will conduct a non written (oral) examination in the following exam.



ESTIMATED DETAILED SCHEDULE

Week	Chapter
1	1.- Introduction to financial management in a firm 1.1 The art of finance 1.2 The goal of financial management 1.3 The financial manager <ul style="list-style-type: none">• Minimum content: Chapter 1 (RWJ-2011)
2	2. The time value of money 2.1. The interest rate 2.2. Present and future value 2.3. Income value 2.4. Present and future value of cash flows 2.5. Loan repayment <ul style="list-style-type: none">• Minimum content: Chapter 4 (RWJ-2011).
3	3. Capital budgeting 7.1 Types of investment projects 7.2 The Net Present Value (NPV) 7.3 The Internal Rate of Return (IRR) 7.4 Sensitivity analysis 7.5 The Economic Value Added (EVA) <ul style="list-style-type: none">• Minimum content: Chapter 5 (RWJ-2011).
4 & 5	4. Working capital management 4.1. The components of working capital (WK) 4.2. Investments and financial policy effects on the WK 4.3. Short term financing: Sources, pros and cons and type of instruments 4.4. Management of accounts receivable 4.5. Management of inventories 4.6. Cash Management <ul style="list-style-type: none">• Minimum content: Chapter 26 and Sections 1, 2 and 3 of Chapter 27 (RWJ 2011) entitled 'Cash Management', plus the Wilson Model.
6 & 7	<ul style="list-style-type: none">• Seminar about exercises on Chapter 2 (RWJ 2011)



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- **Activities: Workshop about the SABI database**
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8 **5. The importance of cash flows**

- 5.1. Income flows versus cash flows
- 5.2. Principles to support cash flow projections
- 5.3. The operating cash flow
- 5.4. The financial cash flow
- 5.5. The free cash flow

- **Minimum content: Chapter 2 (RWJ 2011)**
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9 **6. Management tools**

- 5.1 Introduction
- 5.2 The pay back method
- 5.3 The breakeven point
- 5.4 The operating leverage
- 5.5 The return on equity

Minimum content: Chapter 7. Section 1. (RWJ-2011).

- 10** • **Seminar about exercises on Chapter 4, 5 and 7 (RWJ 2011)**
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11 **8.- Financing operations in a firm**

- 8.1 Main financing sources
- 8.2 Financing a startup”
- 8.3 Financing growth
- 8.4 Balancing assets and financing
- 8.5 The financing cycle
- 8.6 Financial ratios

- **Minimum content: Chapter 15 (RWJ-2011).**
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12 **9.- Capital and Money markets**

- 9.1 Money markets
- 9.2 Capital markets
- 9.3 Securities traded in capital markets

- **Minimum content: Chapter 8 and 9 (RWJ-2011).**
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13 **10.- The cost of financing**



10.1 The cost of debt

10.2 The cost of equity

10.3 The weighted average cost of capital

- **Minimum content: Chapter 13 (RWJ-2011).**
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- **Seminar about exercises on Chapter 8, 9 and 13 (RWJ 2011)**
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RESOURCES

BASIC TEXTBOOK
Ross, S.; Westerfield, R.; Jaffe, J. (2010), Corporate Finance, 9th edition, McGraw-Hill, New York.
ADDITIONAL TEXTBOOKS
Brealey, R; Myers, S. and Allen, F. (2010), Principles of Corporate Finance, 10th edition, McGraw-Hill, New York. Mascareñas, J. y otros (2010), Finanzas para Directivos. Ed. Pearson. Madrid Suarez Suárez, A., Decisiones Óptimas de Inversión y Financiación en la Empresa, Editorial Pirámide (2014).
OTHER RESOURCES
Virtual campus in Moodle Spreadsheets and powerpoint presentations Specialized Internet sites