

UNIVERSITY OF CASTILLA-LA MANCHA

TEACHING GUIDE / SYLLABUS

1. Course and Instructor Information

Subject: Financial Management
Type: COMPULSORY
Degree: 316 – ECONOMICS
Faculty: (5) ECONOMIC AND BUSINESS SCIENCES – ALBACETE
Year: 4

Official language: Spanish

Teaching use of additional languages:

Some textbooks, suggested readings and supplementary resources for the students can be available in English. Furthermore, this subject offers support in English for Erasmus Students.

Web site: www.uclm.es/profesorado/fjareno

Course number: 53327

ECTS Credits: 6

Academic year: 2016-17

Group number: 10

Semester: 1

Second language: English

Instructor's name: FRANCISCO JAREÑO CEBRIAN – Group number: 10

Office location	Department	Telephone	Email address	Office hours
Faculty of Economic and Business Sciences Number: 3.07	ECONOMICS AND FINANCE	2376	francisco.jareno@uclm.es	It will be announced in Moodle

2. Prerequisite

Basic knowledge about mathematical and financial concepts, such as calculus and numerical series, progressions, logarithms, derivation and basic integration, interest rates and financial transactions, among others.

3. Justification in the curriculum, relationship with other subjects and the professional career

Objective of the course

The purpose of this compulsory subject is to provide basic knowledge regarding the three classical problems of corporate finance: investment decisions, optimal financing company and the dividend policy.

First, fundamental concepts of Finance are presented, such as "the time value of money" and the concept of interest as well as key elements for further asset valuation and investment analysis: capitalization and discount process of cash flows. Also financial operations such as loans and mortgages are analysed, as well as treasury bonds and notes.

These concepts allow students to make decisions as financial managers of a company.

Relationship with other subjects

This subject is related with many others, because of concepts such as interest rate, financial transactions, loans and valuation of financial assets (directly interrelated with Economic Policy, Basic Accounting, Principles of Economics, Mathematics, Statistics, Introduction to Econometrics, Economic History, Financial System, etc.).

Relevance for the professional career

The subject of "Financial Management" is an essential part of the background in a degree in Economics as well as the professional career, both in private enterprise, a financial institution or a public entity. The role of this subject is essential because of the relevance of the financial aspects. In addition, training in finance can be complemented with two electives subjects: "Economic Analysis and Finance" and "Mathematical Modelling for Finance".

4. Competencies

Competencies achieved with this subject

E03	Ability to find economic data and select relevant facts.
E04	Analytical skills to identify and anticipate relevant economic and legal issues and the different alternative solutions.
E06	Application of professional criteria to the analysis of problems, based on the use of technical tools.
G01	Possession of the skills needed for continuous, self-led, independent learning, which will allow students to develop the learning abilities needed to undertake further study with a high degree of independence.
G02	Ability to understand the ethical responsibility and the code of ethics of professionals working in the field of economics. To know and apply the legislation and recognition of human rights and questions of gender equality.
G03	To develop oral and written communication skills in order to prepare reports, research projects and business projects and defend them before any commission or group of professionals (specialised or non-specialised) in more than one language, by collecting relevant evidence and interpreting it appropriately so as to reach conclusions.
G04	Ability to use and develop information and communication technologies and to apply them to the corresponding business department by using specific programmes for these business areas.
G05	Capacity for teamwork, to lead, direct, plan and supervise multidisciplinary and multicultural teams in both national and international environments so as to create synergies which benefit organisations.

5. Learning outcomes

For this subject

To know different basic concepts of Finance, focusing on its interpretation to extract relevant information for the company.

To enable the student to look for, analyse, interpret, summarize and communicate information.

To enable the student to listen and defend arguments orally and in writing.

To train the student to promote ethical practices in the professional career, and the social responsibility in decision-making.

6. Contents

Unit 1 THE CONCEPT OF INTEREST AND BASIC MAGNITUDES

- Unit 1.1 Introduction
- Unit 1.2 Simple interest
- Unit 1.3 Compound interest
- Unit 1.4 Effective interest rate and financial capital
- Unit 1.5 Sub-periodical effective interest rate and annual percentage rate
- Unit 1.6 Compounding and discounting

Unit 2 ANNUITIES AND PERPETUITIES

- Unit 2.1 Introduction
- Unit 2.2 Definitions and preliminary concepts
- Unit 2.3 Valuing annuities and perpetuities

Unit 3 FINANCIAL TARGET OF THE COMPANY

- Unit 3.1 Introduction
- Unit 3.2 Consumption and investment without capital markets
- Unit 3.3 Consumption and investment without capital markets
- Unit 3.4 Fisher Separation Theorem
- Unit 3.5 The concept of wealth

Unit 4 THE SELECTION CRITERIA FOR INVESTMENTS

- Unit 4.1 Introduction
- Unit 4.2 Non-financial criteria for investments: Pay-back and Mean Accounting Return
- Unit 4.3 Financial criteria for investments: Net Present Value and Internal Rate of Return: a comparison of methods

Unit 5 THE PROBLEM OF ESTIMATING NET CASH FLOWS

- Unit 5.1 Estimating Net Cash Flows for Net Present Value
- Unit 5.2 The effect of inflation for investments
- Unit 5.3 The effect of taxes and depreciation
- Unit 5.4 Comparison of investments projects: investments with different initial payment or term
- Unit 5.5 The problem of replacement decisions

Unit 6 FINANCIAL LEVERAGE: OPTIMAL DEBT POLICY

- Unit 6.1 Introduction
- Unit 6.2 Optimal debt policy or capital structure: Traditional Theory and Modigliani-Miller Propositions (with and without corporate taxes)

Unit 7 COST OF CAPITAL

- Unit 7.1 Introduction
- Unit 7.2 Cost of debt capital: periodical coupon and zero coupon bonds
- Unit 7.3 Cost of debt capital (II): American, French or straight-line amortization and constant capital loans
- Unit 7.4 The cost of equity capital: Gordon-Shapiro and CAPM

Unit 8 DIVIDEND POLICY

- Unit 8.1 Introduction
- Unit 8.2 Dividend payment and payment methods
- Unit 8.3 Traditional theory: the Lintner model
- Unit 8.4 Modigliani y Miller theory
- Unit 8.5 Dividend policy and taxes

Additional comments

7. Course resources and teaching methods

Learning activity	Methodology	Related Competencies	ECTS	Hours	Assessable	Compulsory
Theoretical classes	Master Class	E04, E06, G01	1.33	33.25	No	-
Practical lessons	Collaborative/cooperative learning	G02, G03, G04, G05, E03, E04, E06, G01	0.67	16.75	Yes	No
Individual tutoring sessions	Combination of methods Learning portfolio	G03, E03, G01	0.10	2.5	Yes	Yes
Final exam	Autonomous work	G03, E03, E04, E06, G01	0.10	2.5	Yes	Yes
Progress test	Autonomous work	G03, E03, E04, E06, G01	0.10	2.5	Yes	No
Preparation for tests	Autonomous work	G02, G03, G05, E03, E04, E06, G01	2.00	50.00	No	-
e-activities	Combination of methods	G02, G03, G04, G05, E03, E04, E06, G01	1.3	32.50	Yes	Yes
Writing reports or Papers	Combination of methods	G02, G03, G04, E03, E04, E06, G01	0.4	10.00	Yes	No

8. Assessment criteria and assessment

Assessment criteria	Assessment	Compulsory
Class attendance and participation	10%	No
Evaluation and co-evaluation activities	15%	Yes
Learning portfolio	5%	Yes
Progress test	5%	No
Final exam	65%	Yes

9. Course schedule, assignments, due dates and estimated workload

Unit 1 (out of 8): THE CONCEPT OF INTEREST AND BASIC MAGNITUDES

Period of time: Weeks 1 and 2

Comment: OPTIONAL PRACTICE 1

Unit 2 (out of 8): ANNUITIES AND PERPETUITIES

Period of time: Weeks 3 and 4

Comment: COMPULSORY PRACTICE 1 (IN GROUPS)
OPTIONAL PRACTICE 2

Unit 3 (out of 8): FINANCIAL TARGET OF THE COMPANY

Period of time: Weeks 5 and 6

Comment: OPTIONAL PRACTICE 3

Unit 4 (out of 8): SELECTION CRITERIA FOR INVESTMENTS

Period of time: Weeks 7, 8 and 9

Comment: OPTIONAL PRACTICE 4
PORTFOLIO REVIEW 1

Unit 5 (out of 8): THE PROBLEM OF ESTIMATING NET CASH FLOWS

Period of time: Weeks 10 and 11

Comment: COMPULSORY PRACTICE 2 (IN GROUPS)
PROGRESS TEST

Unit 6 (out of 8): FINANCIAL LEVERAGE: OPTIMAL DEBT POLICY

Period of time: Week 12

Comment: OPINION ARTICLE FOR THE JOURNAL "DIGITAL ECONOMY"

Unit 7 (out of 8): COST OF CAPITAL

Period of time: Weeks 13 and 14

Comment: PORTFOLIO REVIEW 2

Unit 8 (out of 8): DIVIDEND POLICY

Period of time: Week 15

Comment: OPTIONAL WORK

10. References and resources

Author/s	Title/Web site	Publisher	City	ISBN	Year
BREALEY, R.A., MYERS, S.C., MARCUS, A.J. y MATEOS, P.	Finanzas Corporativas	McGraw-Hill	Madrid	978-84-481-7208-4	2010
BREALEY, R.A., MYERS, S.C. y ALLEN, F.	Principios de Finanzas Corporativas	McGraw-Hill	Madrid	978-970-10-7283-7	2010
BREALEY, R.A., MYERS, S.C. y MARCUS, A.J.	Fundamentos de Finanzas Corporativas	McGraw-Hill	Madrid	978-84-481-5661-9	2010
BREALEY, R.A., MYERS, S.C. y MARCUS, A.J.	Principios de dirección financiera	McGraw-Hill	Madrid	84-481-0608-3	1996

COPELAND, T. E.; WESTON, J. F. y SHASTRI, K.	Financial Theory and Corporate Policy	Pearson/Addison-Wesley (International Edition)	USA	978-0-321-22353-1	2005
FERNÁNDEZ ÁLVAREZ, A.I.	Introducción a las finanzas	Civitas	Madrid	84-470-0362-0	1994
GRINBLATT, M. y TITMAN, S.	Mercados financieros y estrategia empresarial	McGraw-Hill Interamericana		84-481-3816-3	2003
HAUGHEN, R. A. y LAKONISHOK, J.	El increíble efecto enero	Ariel	Barcelona	9788434414310	1998
JAREÑO, F.	Ejercicios de Dirección Financiera	FCEE	Albacete		2012
KALAY, A. y LEASE, R.C.	Política de dividendos y sus efectos sobre el valor de la empresa	Gestión 2000	Barcelona	9788480885539	2001
LÓPEZ, F. Y GARCÍA, P.	Finanzas en el mundo corporativo. Un enfoque práctico	McGraw-Hill	Madrid	9788448198282	2005
MALKIEL, B.G.	Un paseo aleatorio por Wall Street: la estrategia para invertir con éxito	Alianza con	Madrid	9788420683966	2008
MARTÍN, M. Y MARTÍNEZ, P.	Casos prácticos de dirección financiera	Pirámide	Madrid	978-84-368-2072-0	2006
MINER, J.	Curso de Matemática Financiera	McGraw Hill	Madrid	9788448138172	2003
MINER, J.	Matemática Financiera	McGraw Hill	Madrid	8448198298	2004
NAVARRO, E. y NAVE, J.M.	Fundamentos de Matemáticas Financieras	Antoni Bosch	Barcelona	978-84-95348-01-2	2001
PISÓN FERNÁNDEZ, I.	Dirección y gestión financiera de la empresa	Pirámide	Madrid	84-368-1548-3	2001
ROSS, S. A., WESTERFIELD, R. W. y JAFFE, J. F.	Finanzas Corporativas	McGraw-Hill	Madrid	9789701072806	2009
SUAREZ SUAREZ, A.S.	Decisiones óptimas de inversión y financiación en la empresa	Pirámide	Madrid	978-84-368-1899-4	2008
TERMES, R.	Inversión y Coste de Capital.	McGraw-Hill	Madrid	978-84-481-1204-2	1998
VAN HORNE, J.C.	Manual de Finanzas	Prentice-Hall	Mexico	968-880-037-6	1999
VAN HORNE, J.C. y WACHOWICZ, J. M. (JR.)	Administración financiera	Prentice-Hall	Mexico	970-26-0238-6	2002
WESTON, E.F. y BRIGHAM, E.F.	Fundamentos de administración financiera	McGraw-Hill	México	970-10-351-9	1994