

ADE 605 FINANCE

Credits: 4

DESCRIPTION

Finances are part of the economy, particularly as part of applied microeconomics that studies the functioning of money and capital markets, institutions operating there, the fundraising policies, the value of money over time and the cost of capital (Arthur Andersen, 1999). To Bodie and Merton (1998) finance studies how scarce resources are allocated over time. In a more practical sense, finance refers to the acquisition and management by a company or the state of the funds it needs for its operations and the criteria by which they move their assets. Finance, therefore, deals with the conditions and the occasions with which capital is achieved, and the uses, payments and interest charged on transactions. According to Gitman (2003), all persons and organizations earn or get money and spend or invest it. This is where finance solves problems related to this process, with the institutions, markets and instruments involved in these transfers of money between people, businesses and governments.

Finances can be divided depending on who is making use of the money, where Vergara (2002) cited by Alvarez and Abreu (2008), says: "Finances that are used by individuals (personal finance), by governments (finance public), by businesses (corporate finance), as well as by a wide variety of organizations including schools and non-profits. "For this reason when talking about finances one must talk of a world with different issues involving any entity, individual, government and institutions."

People and organizations are constantly looking to maximize the results of investing resources to improve their standard of living. As such, this course discusses financial decisions to maximize the value or, in other cases, to optimize the creation of portfolios.

OBJECTIVES

The course aims to link students to the study of finance, and enhance finance oriented knowledge of the value of money and its use in production or investment. Finances encompass market knowledge such as bonds, stocks and money and the relationship of these with the return and risk.

So at the end of the course the student will be able to head the various investment options, theories of budget, and the capital of a domestic firm in the markets. Students will also be able to determine productivity, liquidity and profitability in a company

through financial reporting and analysis tools and techniques to improve decision-making in the organization.

COURSE COMPETENCY

- Perform work in corporate finance, export and import processes, strategic management, capital markets and high understanding of international negotiations.
- Critically analyze productivity, liquidity and profitability within the company, using financial information in order to support decision-making in the organization.
- Interpret, analyze and predict commercial phenomena, local financial and economic markets, and national and international markets.
- Lead activities in the private or public sector in areas involving operative skills and strategic international trade relations.
- Develop analysis activities of financial phenomena and of strategic international markets.
- Act as manager, consultant or financial advisor and international trader.

CONTENTS

UNIT	1		
COMPETENCE: Understand the scope of economic - financial performance that drives daily work.			
FINANCIAL RATIOS			
Knowledge	Skills	Values	
Financial Ratios <ul style="list-style-type: none">• Introduction• The Financial Ratios• Analysis of Financial Ratios• Limitations of Financial Ratios• Economic Value Added (EVA)	<ul style="list-style-type: none">• Describe the relationship between financial reporting and financial analysis• Interpret financial statements from different perspectives.• Use financial projection technique for reading financial statements.	Attitude of respect and ethics in the use of financial information.	

TASKS	1
- Case studies and practical exercises. -Identify the basic components of decision-making. Key Concepts: Definition and classification of finance, Financial Statements (Balance Sheet and Cash Flow Results) Warren Buffet and interpretation of financial statements.	

UNIT	2		
COMPETENCE: The student critically analyzes productivity, liquidity and profitability within the company, using financial information in order to support decision-making in the organization. Designing financial planning strategies, analyzing the cash cycle to improve cash flow.			
MANAGEMENT OF WORKING CAPITAL			
Knowledge	Skills	Values	
• Working capital	• Recognize the factors	Reflect on the importance of financial	

<ul style="list-style-type: none"> • Concepts • Importance • Justification • Sources and Uses of Working Capital • Case Studies • Financial Leverage • Risk • Capital Structure • Financial Leverage Application Exercises 	<ul style="list-style-type: none"> • that influence financial planning. • Integrate financial principles in financial planning. 	management in the organization.
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TASKS	2
Daily Tasks: Budget and types, importance of cash flow. Cycle and cash flow. Assignment of work-life application: Apply financial planning tools in a real company.	

UNIT	3		
Analyze the cost structure of a company, using different costing methods, to define its financial efficiency. Use indicators and financial analysis tools, various indicators related correctly to establish a diagnosis on the financial health of a company.			
FINANCIAL MANAGEMENT			
Knowledge	Skills	Values	
<ul style="list-style-type: none"> • Extent and Nature of Financial Management • Financial Planning and Need of Funds • Financial forecast • Cash Budget. 	<ul style="list-style-type: none"> • Recognize the factors that influence financial planning. • Integrate financial principles in financial planning. • Use financial projection technique for reading financial statements. 	Reflect on the importance of financial management in the organization.	

TASKS	3
Daily Tasks: project investment, opportunity cost, cost-benefit analysis. Perform financial feasibility project.	

UNIT	4		
Clarify the implications of carrying out a corporate investment project, conducting cost-benefit analysis, return on investment, to establish whether the expected cash flows in the future meet the expectations of the investment.			
THEORY OF CORPORATE FINANCE			
Knowledge	Skills	Values	
<ul style="list-style-type: none"> • Business valuation models • Structures of interest rates • Futures Markets: Financial and product 	<ul style="list-style-type: none"> • Use financial projection technique for reading financial statements. • Calculate and Apply 	Displays an attitude of responsibility and ethics in the investment projects that are implemented.	

<ul style="list-style-type: none"> Options Theory: Strategies and Valuation Models 	<ul style="list-style-type: none"> Financial Formulas. Perform a critical analysis of the use of financial capital for working capital conformation. 	

TASKS	4
Case studies and practical exercises. • Identify the basic components for decision-making. Daily Tasks: project investment, opportunity cost, cost-benefit analysis. Perform a financial feasibility of a submitted project.	

ASSESSMENT

- Quizzes & projects 60%
- Final Exam 40%

REFERENCES

Title	Author	Edition
FINANZAS OPERATIVAS UN COLOQUIO	JAVIER DUARTE SCHLAGETER - LORENZO FERNANDEZ A.	
FUNDAMENTOS DE FINANZAS CORPORATIVAS	STEPHEN - RANDOLPH - BRADFORD	
FINANZAS CORPORATIVAS	GUILLERMO L. DUMRAUF	
MANUAL DE FORMULAS FINANCIERAS	JOSE DE JESUS GONZALEZ SERNA	
FINANZAS COSTOS Y PRESUPUESTOS	ANTONIO J. BURBANO	2 EDICION
FINANZAS CORPORATIVAS	PETER NAVARRO	
DIRECCION FINANCIERA	LUIS DIEZ DE CASTRO - JOAQUIN LOPEZ PASCUAL	2 EDICION
INTRODUCCION A LAS FINANZAS	VICTOR MANUEL GARCIA PADILLA	
FINANZAS CORPORATIVAS	BRADLEY, MYERS, STEWARD	9 EDICIÓN
PRINCIPIOS DE ADMINISTRACIÓN FINANCIERA	GITMAN, L.	3 EDICIÓN