



Finance I

Introduction

The first part of this course (Operational Finance) revolves around how to manage the financing required for the normal operations (i.e., sales) of a company, that is, to finance current assets and current liabilities related to sales. This part of the course will enable the students to determine the financial consequences of decisions related to operations, marketing, etc. Almost all of these operational decisions have an effect on the firm's P&L and the balance sheet.

The second part of the course (Project Evaluation) covers how to determine whether projects are profitable (e.g., a plant expansion). The time and uncertainty of investment cash flows make these problems non-trivial and essential for long-term success.

This course will enable students to:

- Analyze the financial statements of a company
- Give a diagnosis of the financial situation of the company
- Propose remedial actions if required
- Value and choose investment projects

Objectives

Students will understand how balance sheets and income statements relate. This will give students a full understanding of both financial statements, which were already introduced in the previous Financial Accounting course.

Competences

Basic Competences

- CB6. Possess and understand knowledge that provides a basis or opportunity to be original in the development and / or application of ideas, often in a research context.
 - CB7. The students know how to apply the knowledge acquired and their ability to solve problems in new or unfamiliar environments within broader (or multidisciplinary) contexts related to their area of study
 - CB8. The students can integrate knowledge and face the complexity of formulating judgments based on information that, being incomplete or limited, includes reflections
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on social and ethical responsibilities linked to the application of their knowledge and judgments.

- CB9. Students know how to communicate their conclusions and the knowledge and ultimate reasons that support them to specialized and non-specialized audiences in a clear and unambiguous way.
- CB10. Students possess the learning skills that allow them to continue studying in a way that will be largely self-directed or autonomous.

General Competences

- CG1 - Listen, understand and contrast the points of view of others to make an objective composition of a business situation. Communicate in a structured and persuasive way. (Interpersonal communication)
- CG2 - Work effectively in multicultural teams, assuming the leadership of a project when required. Integrate the value of diversity in the decision process and team work. (Ability to work in multicultural teams)
- CG3 - Critically evaluate the information and the context of a business situation to reach its own conclusions for making prudential decisions. (Critical thinking)
- CG4 - Acquire the self-knowledge and self-control necessary to work effectively in professional environments under pressure, understanding the motivations of others and the culture of the company. (Emotional intelligence)
- CG5 - Apply proven ethical criteria in making business decisions, respecting the intrinsic dignity of each person and the achievement of the common good. (Integrity)

Specific Competences

- CE10 - Develop financial management control models that integrate and analyze the impact of commercial, productive and organizational decisions on the financing needs and profitability of the company.
- CE12 - Apply financial diagnostic tools with general direction criteria to determine the intrinsic value of a business.

Content

This course discusses the following courses:

- Financial Analysis
- P&L and Balance Sheet Forecast
- Growth and Financial Needs
- Seasonal Need of Funds
- Management of Cash Cycle
- Short-Term Financing and Financial Structure
- Wrap-Up Case. Analysis, Diagnosis, and Action Plan

Evaluation

Professionalism 30% and final exam 70%. Professionalism includes any type of participation during the course. The details about the grading policy will be explained in class.

The IESE Business School's Honor Code and Learning Partnership apply to all activities in this course. For individual assignments, unless explicitly stated, you should not interact with anyone else. For deliverables to be done in teams you should interact only with the members of your team.