*Subject* *Study guide “Financial Management”*

1. IDENTIFICATION

* **Subject name:** Financial Management
* **Code:** 121200
* **Degree:** Degree in Tourism
* **Academic course:** 2018-2019
* **Subject type:** Compulsory
* **ECTS Credits (hours):** 6 (150)
* **Teaching period:** 2nd. Semester
* **Teaching language:** English
* **Teachers:** Ernesto Rodríguez Carámbula
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2. PRESENTATION

Finance Management is a compulsory course that aims to convey knowledge on the management of a tourist business and on its connection to the financial world. Financial Management pretends to provide the essential tools in order to undertake business decisions in a rational manner.

The subject of this course has to do with the accounting information provided by the enterprise and its use, in the most efficient possible way, to achieve an opinion on its management and on the current situation of the tourist business.

This course also covers the study and analysis of the steps that the manager of a tourism business must follow when evaluating new investment opportunities and analysing the best ways to finance these new investments.

The study of this course must include:

a) A better understanding of the usefulness the accounting discipline

b) The understanding of the relevant differences amongst several funding sources

c) Knowing how to act facing a new investment.

To facilitate the learning process, it is convenient that the student recognises the information provided by the accounting discipline: the Balance Sheet and the Income Summary Account. Therefore, it is desired that the student has taken a previous basic accounting course.

3. EDUCATIONAL GOALS

The main objective of this course is to:

a) Introduce the main techniques used when undertaking new investments

b) Show the main differences between different funding sources

c) Show how to use the accounting discipline to obtain useful information on the effectiveness of the management process

Thus, this course will enable the student to:

a) Extract useful information from the balance sheet and from the income statement to take relevant decisions

b) Apply the main existing techniques to analyse whether a new investment is feasible or not

c) Calculate the cost of capital of any funding source

d) Understand the difference between different funding sources

e) Understand the information provided by financial institutions and how to use them

4. SKILLS AND LEARNING OUTCOMES

**SPECIFIC COMPETENCES AND LEARNING OUTCOMES**

EC4. Apply the concepts that are related to touristic products and companies (economic-financial, human resources, commercial policy, markets, and operational strategies) in the different areas of the tourism sector.

LEARNING OUTCOMES

CE4.6. Apply the concepts of the product’s accounting, financial management and resources in the different areas of the tourism sector.

CE4.7 Identify the information provided by the financial statements and determine the economic and financial situation of a company.

CE4.8 valuing investment projects

CE13. Propose alternative and creative solutions to possible problems in the field of management, planning, and tourism products.

LEARNING OUTCOMES

CE13.3 Issuing of technical and countable reports about the financial situation of a company proposing solutions to problems and alternatives for its improvement.

CE13.4. Identify the financial alternatives of the company in the short-run and in the long-run terms.

**TRANSVERSAL SKILLS**

In this course, the student should:

CT1. Develop his learning capabilities in an autonomous way.

CT4. Use communication devices at all levels.

CT10. Learn in a teamwork manner.

5. TOPIC AND CONTENT

First block: Analysis of accounting information

Second block: Techniques to analyse the feasibility of new investments

Third block: Funding sources in the long and in the short-run

First Block (12 hours)

Topic 1. The company and the finance director

Topic 2. Accounting and Finance

Topic 3. Analysis of the Company's Financial Statements

Second Block (20 hours)

Topic 4. The value of money over time

Topic 5. Structuring an investment project

Topic 6. Net Present Value (NPV)

Topic 7. Internal Rate of Return (IRR)

Topic 8. Other models of selecting an investment project

Unit 9. The analysis of investment projects: sensitivity analysis, financial deadlock

Third Block (13 hours)

Topic 10. Funding sources: definition and classification, short and long-run term, external and internal

Topic 11. The leverage effect: definition, analysis and consequences

Topic 12. Short-term financial planning: Treasury budget

6. RECOMMENDED BIBLIOGRAPHY

**Brealey, R; Myers, S.; Marcus, A. (2007)**: *Principles of corporate finance*. Mc Graw Hill.

|  |  |
| --- | --- |
| **Topics** | **Chapters** |
| 1 | Chapters 1 & 2 |
| 2 | Chapter 3 |
| 3 | Chapter 17 |
| 4 | Chapter 4 |
| 4 – 9 | Chapters 4, 7, 8 & 9 |
| 10 | Chapter 13 |
| 11 | Chapter 15 |
| 12 | Chapter 19  |

Supplementary bibliography

**Amat, O.** (2008). Análisis de estados financieros. Barcelona: Ediciones Gestión 2000.

**Garrido, P.; Iñiguez, R.** (2010): Análisis de estados contables. Elaboración e interpretación de la información financiera. Ediciones Pirámide.

**Medina Hernández, Uno**. (2010): Gestión Financiera de actividades turísticas. 1ªedición. Ediciones Pirámide.

**Parra López, E. y Calero García, FJ.** (2006): Gestión y Dirección de Empresas Turísticas. 1ªedición. Madrid: McGraw-Hill.

**Ross, S.A., R.W. Westerfield y J.Jaffe** (2010).Modern Financial Management . 9ª edition. Nueva York: McGraw-Hill.

**Tinard, Y** (1996): Turismo: Economía y Gestión. Ed. Bosch. Barcelona.

7. TEACHING METHODOLOGY

Theory part

The teaching methodology used in this course involves attending classes and always looking for a high participation of the students as well as their involvement in the transmission of knowledge. Through PPT slides, the lecturer will introduce and clarify the concepts and techniques to be introduced and then, with the student's participation, these concepts are going to be approached from a practical perspective. These concepts and ideas are going to be grounded through economic and financial readings from economics and tourism related news, exercises to be solved in groups and case studies given by the lecturer. Open group discussion in the classroom will be a key element to fix ideas as well as the concepts introduced by the lecturer.

Practice part

This part will be solved by the student whether in the classroom or in the computer room in a teamwork way.

Non-presential part

In this part, there will be activities to achieve the goals of the topic being introduced. Some concepts are not going to be explained in the classroom and are going to be studied and analysed by each student on his own through planned activities.

**TRAINING ACTIVITIES**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Activities** | **Teaching‐learning methodology** | **Hours** | **ECTS** | **Learning outcomes** |
| **Oriented activities** | Theoretical sessions | 40 | 1.6 | CE4.6. , CE4.7., C13.4. |
| Case studies | 12 | 0.48 | CE4.7. , C13.3. |
|  | Public presentation of cases | 4 | 0.16 | CE4.7. , C13.3., CT10., CT4. |
| **Supervised activities** | Tutorships | 22 | 0.88 | CE4.7. , C13.3. |
|  |  |  |  |
| **Autonomous activities** | Case studies | 12 | 0.48 | CE4.6. , CE4.7., CE4.8. , C13.3., C13.4. , CT1. |
| Delivery of teamwork cases | 36 | 1.44 | CE4.6. , CE4.7., CE4.8. , C13.3., C13.4., CT1. |
|  | Individual study | 24 | 0.96 | CE4.6. , CE4.7., CE4.8. , C13.3., C13.4., CT1. |

8. ASSESSMENT SYSTEMS

The student’s learning will be held in a **continuous assessment** way. This continuous evaluation is integrated by two elements: the evaluation of the different teamwork activities and an individual evaluation through partial exams.

INDIVIDUAL EVALUATION:

Individual performance in written exams. These exams intended to evaluate the theoretical and practical knowledge acquired by the student.

The individual evaluation has two parts:

1. The student will have two individual written exams (theory + practice): one in February and another one in last day of the course. They allow the release of a final exam. February’s exam will evaluate topics introduced until the date of the examination. In the second exam, the remaining topics are going to be examined. If these exams are passed, the continuous assessment will be passed too and the student is not required to take the final semester exam. However, the student that does not pass these exams is going to take the final semester exam according to the official examination calendar.

The two exams will have a theory and a practical part as well as exercises that have been answered in the non-presential part of the course.

The overall grade of these partial exams will be obtained from the average grade of both partial exams and represents 70% of the course’s final grade (35% each exam). In order to make this average, in both exams, the student must get, at least, a minimum score of 3.5.

1. Undertaking multiple-choice test through the Moodle platform.

Q1: Topics 1 to 3

Q2: topics 4 and 5

Q3: Topics 6 to 9

Q4: Topics 10 to 12

The overall grade of these individual tests will be obtained from the average of the four tests and represents 10% of the final grade of the course.

TEAMWORK EVALUATION:

The final grade in this evaluation is the same for each member of the group.

The grade is obtained through the delivery of the solutions to the problem set given by the lecturer to each group. These deliveries must be sent before each deadline. This part of the overall evaluation process has a weight of 20% of the final grade.

1. Two case studies.
2. Finding a news, comment and relate it to the concepts and theory introduced in class.

*COMPUTING THE FINAL GRADE*

The final grade of the course comes from the individual and the group evaluation and is weighted according to:

- 70% (35% + 35%) from the two mid-term exams.

- 10% from individual tests.

- 20% from exercises and activities in the non-presential part of the course.

**The course is passed with a final grade of 5.**

Students who have not passed the course through the continuous evaluation or have not followed it can take the official final semester exam.

**ASSESSMENT ACTIVITIES**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Activity** | **Weight** | **Hours** | **ECTS** | **Learning Outcomes** |
| **Theory and Practice exam 1** | 35 % | 2 | 0.08 | CE4.6., CE4.7, CE4.8, CE13.3, CE13.4 |
| **Theory and Practice exam 2** | 35 % | 2 | 0.08 | CE4.6., CE4.7, CE4.8, CE13.3, CE13.4 |
| **Moodle tests** | 10 % | 4 | 0.16 | CE4.6., CE4.7, CE4.8, CE13.3, CE13.4 |
| **Case studies** | 20 % | 30 | 1.2 | CE4.6., CE4.7, CE4.8, CE13.3, CE13.4 |

9. PLANNING

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| **WEEK** | **TOPIC** | **METHOD** | **HOURS** |
| 1 | Introduction of the courseTopic 1: Duties of the Finance Director. Delivery of a balance sheet and general discussion. | Classroom discussion on the usefulness of finance and the accounting information.1 hour of guided activities in non-presential time. | 5 |
| 2 | Introduction of indicators and their classification | Presentation of indicators and their interpretation using the balance sheet and the income statement1 hour of guided activities in non-presential time. | 5 |
| 3 | Implementing these indicators to other examples | Exercises in the classroom1 hour of guided activities in non-presential time. | 5 |
| 4 | Introduction to the need of evaluating new investments.Introduction to the concept of money’s value over the time. | Classroom discussion on the growth of an enterprise. Concepts and questions to be discussed.1 hour of guided activities in non-presential time. | 5 |
| 5 | Continuing to analyse the concept of money’s value over time. | Exercises.1 hour of guided activities in non-presential time. | 5 |
| 6 | Structuring an investment project and the Net Present Value technique | Transfer of concepts by the lecturer. Exercises in the classroom1 hour of guided activities in non-presential time. | 5 |
| 7 | Funding sources, calculating the costs of capital | Transfer of concepts by the lecturer. news analysis, open discussion1 hour of guided activities in non-presential time. | 5 |
| 8 | Calculating the capital cost of a funding resource | Exercises in the classroom1 hour of guided activities in non-presential time. | 5 |
| 9 | Other techniques to evaluate the feasibility of a new investment | Transfer of concepts and exercises by the lecturer1 hour of guided activities in non-presential time. | 5 |
| 10 | Deepening in the analysis of these techniques | Exercises in the computer classroom1 hour of guided activities in non-presential time. | 5 |
| 11 | Sensibility analysis | Exercises in the computer classroom1 hour of guided activities in non-presential time. | 5 |
| 12 | Deepening in the analysis of Funding sources | Transfer of concepts by the lecturer1 hour of guided activities in non-presential time. | 5 |
| 13 | The enterprise’s indebtedness and the shareholder | Transfer of concepts and exercises by the lecturer1 hour of guided activities in non-presential time. | 5 |
| 14 | Treasury budget | Classroom exercises.1 hour of guided activities in non-presential time. | 5 |

10. ENTREPRENEURSHIP AND INNOVATION

Through a teaching methodology based on the idea of a "cooperative learning", students will have to carry out two projects where they should develop their entrepreneurial and innovative spirit. They must:

1.- Develop an economic and financial report on a company belonging to the tourism sector.

2.- Design and analyse the feasibility of an investment project with real data, either about a new company in the tourism sector or as a new project (business expansion, market, etc.). They must analyse the sources of their funding. Students must choose the best source of funding available in the Spanish financial market.