

SYLLABUS

TITLE: Commercial Finance
CODE: FIN 305
PREREQUISITE: CON 120
CREDITS: 3 credits | 45 contact hours | 1 term

DESCRIPTION

This course offers a balanced discussion of financial markets, investments, and financial management. It also presents the main concepts of finance and the role and functions of the financial system from a comprehensive perspective so students can understand how markets and financial institutions impact the economy, individuals, organizations, and businesses. Students will analyze the most common financial policies in financial markets, their instruments, intermediaries, and institutions. Funds management, financing companies, and the ethical aspects of the financial decision-making process are also discussed. Different techniques are used to evaluate the financing of a company's assets, its risks, and the performance of projects. Students will use MS Excel and different financial and technological applications throughout the course. The course is designed for Business Administration students to expose them to the financial decision-making process.

JUSTIFICATION

A company's operations involve the inflow and outflow of funds. In the administrative process, it is of vital importance to plan and control this flow of funds within the financial context in which the company operates. This course allows students to integrate their knowledge of economics, accounting, and management to understand the importance of the administrative process of cash flow in order to achieve the objectives of the organization or company.

COMPETENCES

The course develops the following competences in students:

- **Critical questioning**
- **Research and exploration**

OBJECTIVES

After completion of the course, students will be able to:

1. Understand the financial system, the role of financial institutions, the Federal Reserve System, and employ the concepts used in finance and business management.
2. Identify the main objectives and functions of the field of finance, understand the company's financial operations and analysis tools for decision-making.
3. Apply financial tools in the analysis, planning and control of the company's cash flow, indicators, and techniques for evaluating financial decisions and investment.
4. Recognize the ethical dilemma present in the financial decision-making process.
5. Understand the concept of real interest and nominal interest and their short- and long-term effect on financing and investments.
6. Identify the basic characteristics of bonds and stocks, interest rate components, among other rates and instruments.
7. Design a capital and cash flow budget, make projections, and use financial criteria to evaluate projects.

CONTENTS

- I. The Finance Environment
 - A. Opportunities in the sector
 - B. Financial crises
 - C. Financial concepts
 1. Present value
 2. Risk vs return
 3. Efficiency in the markets
 4. Financial goals
- II. Money and the Monetary System
 - A. Money as a medium of exchange
 - B. Types of money

- C. Cryptocurrency
- D. Demand for money
- E. Money creation
- F. Investment and interest rate
- III. Financial Institutions
 - A. The role of the banking and financial institutions sector
 - B. Mortgage market, securities
 - C. Balance sheet, capital ratios
 - D. Bailed out – financial rescue
- IV. The Federal Reserve system
 - A. Composition of the Federal Reserve System
 - B. Functions
- V. Economic Public Policy and Money Supply
 - A. Monetary policy
 - B. Employment
 - C. Economic growth
 - D. Price stability, inflation, and deflation
- VI. Saving and the Investment Process
 - A. Ratio of gross domestic product to capital formation
 - B. Personal savings and corporate savings
- VII. Interest Rates, Risk, and Value Over Time
 - A. Market interest rate components
 - B. Perpetuities and annuities
 - C. Compound interest rates
 - D. Bonds & stocks
 - E. Prices & volatility
 - F. Real and nominal interest rates
- VIII. Company Operations
 - A. Ethical dilemmas in finance
 - B. Financial statements, depreciation, and cash flows
- IX. Financial Decision-Making Tools
 - A. Financial indicators
 - 1. Analysis of financial indicators or ratios

- 2. Other analyses
 - 3. Interpretations of financial efficiency indicators
- B. Financial planning
- C. Cost of capital
- X. Financial Policies
 - A. Dividends
 - B. Taxation
 - C. Leverage
 - D. Financial insolvency
 - E. Other
- XI. Budgeting, Financial Projections and Project Evaluation
 - A. Capital budget
 - B. Financial planning & projections
 - C. Performance measurement and evaluation

METHODOLOGY

The following strategies from the active learning methodology are recommended:

- Problem-based learning
- Case method
- Simulations
- Flipped classroom

EVALUATION

Partial assignments	30%
Oral presentations	20%
Compositions	20%
Final project or exam	30%
Total	<hr/> 100%

LEARNING ASSESSMENT

The institutional assessment rubric is applied to the course's core activity.

BIBLIOGRAPHY

- Asquith, P., Weiss, L. A. (2019). *Lessons in Corporate Finance: A Case Studies Approach to Financial Tools, Financial Policies, and Valuation* (2nd ed.). John Wiley & Sons.
- Brigham, E. F., Houston, J. F. (2019). *Fundamentals of Financial Management* (15th ed.). Cengage Learning.
- Mayo, H. B. (2016). *Basic finance: An Introduction to Financial Institutions, Investments, and Management* (11th ed.). Cengage Learning.
- Melicher, R. W., Norton, E. A. (2017). *Introduction to Finance: Markets, Investments, and Financial Management* (16th ed.). John Wiley & Sons.

For more information resources related to the course's topics, access the library's webpage <http://biblioteca.sagrado.edu/>

REASONABLE ACCOMMODATION

For detailed information on the process and required documentation you should visit the corresponding office. To ensure equal conditions, in compliance with the ADA Act (1990) and the Rehabilitation Act (1973), as amended, any student in need of reasonable accommodation or special assistance must complete the process established by the Vice Presidency for Academic Affairs.

ACADEMIC INTEGRITY

This policy applies to all students enrolled at Universidad del Sagrado Corazón to take courses with or without academic credit. A lack of academic integrity is any act or omission that does not demonstrate the honesty, transparency, and responsibility that should characterize all academic activity. Any student who fails to comply with the Honesty, Fraud, and Plagiarism Policy is exposed to the following sanctions: receive a grade of zero in the evaluation and / or repetition of the assignment in the seminar, a grade of F (*) in the seminar, suspension, or expulsion as established in the Academic Integrity Policy effective in November 2022.