

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 entry and exit 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 funds flow administrative process in order to achieve the objectives of the organization or company.

COMPETENCIES

The course develops the following competencies 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 concepts used in finance and business management.
2. Identify the main objectives and functions of the field of finance, understand the financial operations of the company and the analysis tools for decision making.
3. Apply financial tools in the analysis, planning and control of the company's funds 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, the components of the interest rate, among other rates and instruments.
7. Design a capital and funds flow budget, make projections, and use financial criteria to evaluate projects.

CONTENTS

- I. The Field of Finances
 - 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 objectives
- II. Money and the Monetary System
 - A. Money as an exchange medium
 - B. Types of money
 - C. Cryptocurrency
 - D. Demand of money
 - E. Creation of money
 - F. Investment and interest rates
- III. Financial Institutions
 - A. The role of the banking sector and financial institutions
 - B. Mortgage market and securities
 - C. Balance sheet and capital ratios

- D. Financial bail-out
- IV. The Federal Reserve System
 - A. Composition of the Federal Reserve System
 - B. Functions
- V. Public Economic Policy and Money Supply
 - A. Monetary policy
 - B. Employment
 - C. Economic growth
 - D. Price stability, inflation, and deflation
- VI. Savings and the Investment Process
 - A. Relationship between gross domestic product and 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 and stocks
 - E. Prices and volatility
 - F. Real and nominal interest rates
- VIII. Company Operations
 - A. Ethical dilemmas of finance
 - B. Financial statements, depreciation, and funds flow
- IX. Tools for Financial Decision Making
 - A. Financial indicators
 - 1. Analysis of financial indicators or proportions
 - 2. Other analyses
 - 3. Interpretations of financial efficiency indicators
 - B. Financial planning
 - C. Cost of capital
- X. Financial Policies
 - A. Dividends
 - B. Taxes
 - C. Leverage
 - D. Financial insolvency
 - E. Other
- XI. Budget, Financial Projections, and Projects Evaluation

- A. Capital budget
- B. Financial planning and projections
- C. Performance measurements 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	<u>30%</u>
Total	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 HONESTY, FRAUD, AND PLAIGARISM

Any student who fails to comply with the Honesty, Fraud, and Plagiarism Policy is exposed to the following sanctions: receive a zero in the evaluation and/or repetition of the assignment, an F(*) in the course, suspension or expulsion as established in the document *Política de Honestidad Académica* (DAEE 205-001) effective in August 2005.

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