

Academic Year: (2023 / 2024)

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Department assigned to the subject: Business Administration Department

Coordinating teacher: TOLDRA SIMATS, ANNA

Type: Compulsory ECTS Credits : 2.0

Year : 1 Semester : 2

OBJECTIVES

This course provides a basic and practical understanding of how to prepare a financial plan (budgeted financial statements), which is the core part of a business plan. Financial planning is a continuous process of directing and allocating financial resources to meet strategic goals and objectives. The output from financial planning takes the form of Budgeted Financial Statements, such as:

- Budgeted Income Statement (Profit and Loss Budget)
- Net Working Capital Budget
- Cash-Flow Statement
- Budgeted Balance Sheet

After this course students should be able to complete the fore mentioned Budgeted Financial Statements but also to conduct a complementary analysis such the Ratio Analysis and Scenario Analysis by using the financial planning outputs, to consider the combined effects of the firm's investment and financing decisions and to anticipate events that could upset the firm in order to design corrective measures. In addition, students perform valuation and profitability analysis to help inform the decision of the feasibility of the project.

DESCRIPTION OF CONTENTS: PROGRAMME

Class 1

In this first class we'll briefly present the course and introduce the financial planning / business modeling process as a tool for entrepreneurial decision making. We'll look at the general structure and best practices for building models followed by a deep dive into market sizing and the different ways to get to a realistic market size for early stage companies.

Exercise: Small case study related to market sizing, and the kick off of the business model.

Class 2

In this class we will focus on two topics:

Customer acquisition and sales projection. We'll learn how to build these projections and look at the most important sales and acquisition metrics.

Once we've modeled the income of the company, we'll look at the cost structure necessary to achieve this, build out the income statement and its main metrics.

Exercise: Small case study related to customer acquisition. We'll add the income statement and the different metrics to our business models.

Class 3

In class three we'll look at how cash planning varies for different business models and the effect of different types of financing on the cash flows of a company. Also, we'll learn how to model this in a

cash flow statement.

Exercise: Small case study related to cash planning, and we'll add the cash flow statement to our business models.

Class 4

In this class we will focus on two topics:

An introduction to cohort analysis. We'll see why these are important for early and growth stage companies, and how to construct them.

Sensitivity analysis. We will look at the different ways to perform sensitivity analysis, as well as how to create and test scenarios.

Exercise: Small case study related to cohort analysis and we'll finish our business model adding the sensitivity analysis.

Class 5

In this last class we will take a broad look at startup financing, including topics as: startup valuation, the different types of financing that are available to entrepreneurs, when it makes sense to raise capital, and how the fundraising process works.

Exercise: The groups will present their business models.

LEARNING ACTIVITIES AND METHODOLOGY

LEARNING ACTIVITIES

Placement test

Case study I and II

Mock exam (after case study I)

Activities proposed for autonomous work

Active participation and attendance

Final exam

TEACHING METHODOLOGIES

Exhibitions in the teacher's class with support of computer and audiovisual media, in which the main concepts of the subject are developed and the bibliography is provided to complement the students' learning.

Critical reading of texts recommended by the teacher: press articles, economic reports, textbooks and academic articles, either for further discussion in class, or to expand and consolidate the knowledge of the subject. Specifically, the topic of corporate sustainability, in general, and budgetary sustainability, in particular, will be addressed.

Solution of practical cases, problems, etc., proposed by the teacher.

Exhibition and discussion in class, under the teacher's moderation of topics related to the content of the subject, as well as case studies.

Preparation of papers and reports individually or in groups.

ASSESSMENT SYSTEM

% end-of-term-examination/test:	60
% of continuous assessment (assignments, laboratory, practicals...):	40

The evaluation of the course will be continuous and inclusive, weighing the final exam only 60% on the total grade.

The remaining 40% will be evaluated on the basis of activities proposed for autonomous work, mock exam, etc. The assistance and active participation in class will be also considered.

The final exam will consist of two weighed parts:

List of short- questions (40%): Individual

Case study solution run in spreadsheet (60%): Individual

BASIC BIBLIOGRAPHY

- Brealey, R., S. C. Myers and Allen Principles of Corporate Finance, McGraw-Hill/Irwin, 2011

ADDITIONAL BIBLIOGRAPHY

- Bekaert G.J. and Hodrick R.J. International Financial Management, Pearson, 2012
- Brealey, R.A. Myers, S.C. y Allen, F. Principles of Corporate Finance, 11th. edition, Ch. 28, McGraw-Hill, , 2014