

Faculty of Economic, Social and Political Sciences



FIN2100 Financial management

[45h+15h exercises] 6 credits

Language: French
Level: Second cycle

Aims

At the end of the class, students should be able to :

- solve capital budgeting problems,
- understand equities and bonds values,
- Understand the basics of portfolio theory, i.e. optimal allocation and expected return.

Main themes

Financial management focuses on capital budgeting decisions, working capital financing and financial structure. The following concepts are covered:

- Capital budgeting,
- Working capital financing,
- Equity valuation and cost of equity,
- Bonds value and cost of debt
- Weighted Average Cost of Capital
- Financial structure
- Dividend policy.

Content and teaching methods

Content

The course is in four parts. Ideally, they should be addressed in the following order:

1. The framework of financial decision-making
 - a. the economic context:
 - the principles of portfolio management;
 - the finance market, the interest rate and discounting;
 - b. the functional setting:
 - the financial function in enterprises;
 - problems and decisions relating to the enterprise's finances;
 - c. the institutional setting:
 - sources and techniques of (short- and long-term) financing;
 - taxation and financial management.
2. The cost of capital and the financial structure
 - a. the cost of sources of finance:
 - the concept of the cost of a financial asset;
 - the cost of loans, own funds and leasing;
 - b. the concept of the average weighted cost of capital
 - c. the financial structure:
 - debt policy;
 - dividend policy.
3. Investment decision-making
 - a. the development of projects and criteria of choice:
 - investment flows;
 - measuring profitability;
 - b. drawing up an investment plan
 - c. complements:
 - investment decision-making;
 - investment decision-making and risk;
 - the decision to disinvest.
4. Short-term financial management
 - a. the financial aspects of needs in respect of working capital:
 - the financial aspects of managing stocks and commercial debt;
 - determining the necessary net working capital;
 - b. financial planning:
 - forecasting and managing the cash position;
 - drawing up financial statement forecasts.

Methodology

The course mainly relies on an active method that reduces lectures to a minimum. It is based on a syllabus wherein prior reading will enable each student to prepare for sessions individually. These sessions will be devoted to explanations, discussions and illustrations relating to the subject.

Other information (prerequisite, evaluation (assessment methods), course materials recommended readings, ...)

Prerequisite: Basics in statistics and probability. Accounting and financial statement analysis.

Examination : Written exams.

Documentation and books : Bodie, Kane et Marcus, " Investment ", Mc Graw Hill et de Reilly et Brown,

Pedagogic team : teachers and assistants

Other credits in programs

ECAP21	Première licence en sciences de gestion	(6 credits)	Mandatory
FSA12BA	Deuxième année de bachelier en sciences de l'ingénieur, orientation ingénieur civil	(6 credits)	