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UNIVERSITAT POLITÈCNICA
DE CATALUNYA
BARCELONATECH

UNIVERSITY MASTER'S PROGRAM IN MARKETING MANAGEMENT

FINANCIAL IMPACT OF STRATEGIC DECISIONS. TEACHING GUIDE 2022-2023

GENERAL DETAILS

Name:	Financial Impact of Strategic Decisions
Code:	801522
Academic Year:	2022-2023
Degree:	University Master's Program in Marketing Management
Number of credits (ECTS):	5
Requirements:	No previous requirements
Location in the curriculum:	2022-2023 First quarter
Date of latest revision:	January 2023
Lecturer in charge:	Ph.D Juan Morillo Bentué

1. GENERAL DESCRIPTION

There is an economic and financial consequence to almost anything that is being done in any department of any company. Consequently, this aspect is relevant not only to the staff in the accounting department, but also to those that make the marketing decisions.

Similarly, there is an economic and financial consequence behind every decision. Getting to know these details will allow us to make better decisions that are aligned with the objectives that are being pursued. It is important to get to know the differences between financial accounting (balance sheet and profit and loss account) and management accounting (costs, investments, budgets). They are different, but they are both necessary and have different aims.

This aspect of the field of business, even accepting its importance, today requires a need for a higher knowledge. It is the common language of business, and decisions are based on it, and their knowledge helps people to be relaxed, to interpret, analyse and share problems and solutions, for the benefit of all. The balanced scorecard is a clear example of this, as it helps to turn the daily execution into the path leading to the strategic objective previously set. In management control it is the necessary commitment to assess the decisions made by all every day. This will affect positively the company culture, the environment and will enable the union and stimulation of the efforts of all the people.

The main objective is to bring economic and financial management and knowledge closer to all the people in the marketing area, in order to see our adaptation to the market, the degree of successful development of our decisions, the activities and the way to improve constantly in the daily decisions we make.

2. OBJECTIVES

- Understand what financial statements are and are not for. Obtain the information from the balance sheet and the profit and loss (P&L) account to help us know the economic and financial aspects that move companies.
- Help students to see the way to interpret financial statements to improve management, and on the basis of data analysis, learn to make decisions that will move and change the organisation towards the objectives previously set.
- Provide students with the point of view of the financial department, where the action plan will be justified from this area. See in what way we “all” are and work in finances.
- Furnish students with the analysis tools to help them in their management and decision making of a financial character so as to understand the impact they will have in other areas of the company. Having this information gives students security, trust and motivation towards results.
- Provide students with the economic and financial training and information that will contribute to their personal development, facilitating the knowledge on this subject matter. Through this, students may improve their employability and may relate to one another inside the company using the same language that finances will.

3. CONTENTS

UNIT 1. Financial statements: the P&L account

UNIT 2. Financial statements: the balance sheet

UNIT 3. Balance sheet analysis

UNIT 4. Selection of investments

UNIT 5. Sources of financing

UNIT 6. Elaborating a project's financial plan

UNIT 1. FINANCIAL STATEMENTS: THE P&L ACCOUNT

Learning outcome

After studying the unit and solving the exercises, students will be able to:

- Analyse the financial and equity situation of the company at a given date.

- Calculate the result of the management of a company as a consequence of the ordinary operations (income and expenditure).
- Elaborate a profit and loss (P&L) account.
- Understand the concepts of income and expenditure, how they are classified, recognised and valued.
- Explain how income and expenditure affect the determination of the results.
- Understand the importance of applying the principle of accrual accounting.
- Understand the importance and meaning of the concept of the fiscal year and its incidence in the annual accounts.

Content

1. Concept and classification of the result.
2. Components of the result, income and expenditure.
3. Structure and content of the P&L account.
4. Result of continued operations:
 - Operating income.
 - Financial result.
 - Profit tax.

UNIT 2. FINANCIAL STATEMENTS: THE BALANCE SHEET

Learning outcome

After studying the unit and solving the exercises, students will be able to:

- Identify the goods and rights of the entity and how it has financed their acquisition: with its own resources or with outside financing.
- Understand the concept of business equity or wealth and its components.
- Know how to determine the value of a company's net equity.
- Analyse the characteristic of these elements: asset, liability and net equity.
- Distinguish between the economic and financial structure and the classification of the elements into current and non-current according to their functionality.
- Elaborate a balance sheet.
- Defend and discuss an economic-financial diagnose of a company underlining its strong and weak points.

Content

1. Concept of balance sheet and its information objective.
2. Criteria for the elaboration of a balance sheet, its components.
3. Assets:
 - Non-current assets.
 - Current assets.
4. Net equity:

- Own funds.
 - Adjustments through change of values.
 - Subsidies, donations and bequests.
5. Liability elements:
- Non-current liability.
 - Current liability.
6. Interpreting the static and dynamic situation of the balance sheet.

UNIT 3. BALANCE SHEET ANALYSIS

Learning outcome

After studying the unit and solving the exercises, students will be able to:

- Represent relations between magnitudes from the company's P&L account, and balance sheet.
- Determine the economic-financial health of the company through the ratios.
- Compare the company's results using different items from the balance sheet or the P&L account.
- Calculate the minimum number of units (or turnover) that a company needs to sell in order to cover its fixed expenditure, in other words, when total costs equal total income per sale.

Content

1. Breakeven.
2. Liquidity ratios.
3. Solvency ratios.
4. Profitability ratios.

UNIT 4. SELECTION OF INVESTMENTS

Learning outcome

After studying the unit and solving the exercises, students will be able to:

- Analyse the possible profitability of the project, and specially whether it is viable or otherwise.
- Calculate the time it will take to recover the initial outlay invested in the productive process.

Content

1. Static methods of investment selection: playback.
2. Dynamic methods: the Current Net Value (CNV) and the Internal Rate of Return (IRR).

UNIT 5. SOURCES OF FINANCING

Learning outcome

After studying the unit and solving the exercises, students will be able to:

- Analyse and understand the ways used by the company to obtain the necessary financial resources to cover its activity.
- Through the constraints of the different types of available financing for the company, students will be able to evaluate what financing source is better suited to fund the company's investments, both in the short and in the long term.

Content

1. Internal own financing.
2. Outside own financing. Capital increase and reduction. Non-traditional models.
3. Long-term external financing. Different options.
4. Short-term external financing. Different options.
5. Other financing alternatives: capital risk and participation loans.

UNIT 6. ELABORATING A PROJECT'S FINANCIAL PLAN

Learning outcome

After studying the unit and solving the exercises, students will be able to:

- Carry out a complete financing plan for a business project using all the concepts studied during the course.

4. TEACHING AND LEARNING METHODOLOGY

Euncet Business School-UPC's learning process brings together a combination of methodologies which, in a practical and innovative way, allow students to acquire skills specific to the professional exit profile that is expected in a master's degree and the digital context:

LEARNING BY PROJECTS

Working in groups to develop and present tasks and projects, by responding to different situations or challenges posed during classes.

CASE STUDIES

Solving hypothetical business issues to experiment with using a practical application of the theoretical content of the different subjects.

INTERACTIVE CLASSES

The teaching sessions will take place based on continuous interaction between the students and the lecturers, who will teach with the objective of comparing the relevant concepts through the means of analysis and open debate, with the help of real-world case studies and simulations.

ONLINE TUTORIALS

Personalised online sessions will be programmed to solve doubts and lend support to the different assignments and exercises posed during the course.

5. ASSESSMENT

According to the Bologna Process, the model rewards the student's constant and continued effort. 60 % of the mark is obtained through continuous assessment of the managed activities, and the remaining 40 % from the final exam, which is held in a single sitting.

The subject's final mark (FM) will be calculated according to the following formula:

- $FM = \text{Final Exam Mark} * 40 \% + \text{Continuous Assessment Mark} * 60 \%$
- The minimum mark of the final exam for the calculation of the FM will be 40 points over 100.
- The subject will be successfully passed with a FM equal to or higher than 50 points over 100.

Activity type	Description	% Evaluation	
Tasks:			36%
	Financial Project Presentation	100%	
Tests:			24%
	TEST 1	25%	
	TEST 2	25%	
	TEST 3	25%	
	TEST 4	25%	
Final exam:			40%
	Final exam	100%	

6. BIBLIOGRAPHY

6.1. BASIC BIBLIOGRAPHY

- Besley, Scott; Brigham, Eugene F. *Essentials of managerial finance*. 14.th ed. Australia: SouthWestern Cengage Learning, 2008. ISBN 9780324652161.
- Martínez Abascal, Eduardo. *Finance for managers*. London: McGraw-Hill Higher Education, 2012. ISBN 97888478979691.

6.2. FURTHER READING

- Brigham, Eugene F. *Financial Management: Theory & Practice*. Australia: Cengage Learning, 2019. ISBN 9781337902601.
- Fabozzi, Frank. *Analysis of Financial Statements*. 3rd ed. Wiley, 2012. ISBN: 9781118299982.
- Higgins, Robert. *Analysis for Financial Management*. 12th ed. McGraw-Hill Higher Education, 2018. ISBN: 9781259918964.