1. SUBJECT DESCRIPTION

The objective of this course is to provide a comprehensive analysis of financial statements and how this exercise helps determine how a business will afford to achieve its strategic goals and objectives. Usually, a company creates a “Strategic Plan” immediately after the vision and objectives have been set. The strategic plan describes each of the activities, resources, equipment and materials that are needed to achieve these objectives, as well as the timeframes involved.

A deep understanding of accounting principles and their practical implementation will help managers make more accurate decisions related to planning activities through the following tasks:

(a) Assess the business environment;
(b) Confirm the business vision and objectives;
(c) Identify the types of resources needed to achieve these objectives;
(d) Quantify the amount of resources (i.e. labor, equipment, materials);
(e) Calculate the total cost of each type of resource;
(f) Summarize the costs to come up with a “budget,” and
(g) Identify any risks and issues with the budget set.

Following sound accounting principles and the related planning is critical to the success of any organization. It provides the entrepreneur and his plan with rigor, by confirming that the objectives set are achievable from an accounting point of view. It also helps the entrepreneur set operating and financial targets for the organization, and reward members of his team for meeting objectives within the plan set.

2. OBJECTIVES AND SKILLS

The objective of this course is to develop a framework for decision-making, and to provide a solid grounding in the principles and practice of accounting-based corporate planning.

The course is intended to provide students with fundamentals on how to understand and monitor a business. Students will learn status-of-the-art principles which will help them analyze business operations, check the feasibility of alternative strategic decisions, and assess the impact of such decisions towards various stakeholders.

Emphasis will be given on (a) the links among income statement, balance sheet and statement of cash flows, and (b) the skills needed to build interrelated financial statements and check the rationale behind the assumptions.
Throughout the course students will be given theories and illustrative examples of how enterprises make sure that their growth strategies are consistent with their operating plans. To achieve this goal they will learn how managers check the financial health of the company and develop short-term planning through working capital management and the preparation of a cash management budget.

3. METHODOLOGY AND CREDITS

This 30-session-course (plus the final exam) will be held over a 3-and-a-half-month-period, from January 2013 through April 2013. It consists of a combination of theoretical teachings and practical case studies, as well as a mid-term examination to assess the students' progress with the material.

Because of the technical nature of most of the material, it's important to keep up by working the support material and the case studies provided.

The material is intended to be presented at a common sense level, combining detailed analysis with illustrations and discussions and numerous examples giving students a right blend of top-of-the-art theory and accounting practice.

<table>
<thead>
<tr>
<th>TEACHING METHODOLOGY</th>
<th>WEIGHTING</th>
<th>ESTIMATED TIME A STUDENT SHOULD DEDICATE TO PREPARE FOR:</th>
</tr>
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<tbody>
<tr>
<td>Lectures</td>
<td>(40)%%</td>
<td>60 hours</td>
</tr>
<tr>
<td>Discussions</td>
<td>(10)%%</td>
<td>15 hours</td>
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<tr>
<td>Exercises</td>
<td>(33)%%</td>
<td>50 hours</td>
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<tr>
<td>Group work</td>
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<tr>
<td>Other Individual studying</td>
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<tr>
<td>TOTAL</td>
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</table>

4. CONTENT

PART I: ANALYSIS AND PLANNING

Knowing where your company or practice stands today is a necessary prelude to contemplating where it might be in the future. We will start with a review of a firm’s financial statements and then we show how the manager can use these statements to assess the firm's overall performance and its current operating and financial standing.

SESSIONS 1, 2, 3, & 4

- Financial Statements: Balance Sheet and Income Statement
- Source and Use of Funds
- Analysis of the Financial Health of the Enterprise

SESSIONS 5 & 6

- Ratio Analysis
- Solvency ratios
- Liquidity ratios
- Efficiency ratios
- Profitability ratios
- The Dupont Methodology
PART II: WORKING CAPITAL MANAGEMENT

Growing firms need to invest in working capital, plant and equipment, product development, and so on. All this requires cash. In this second part of the course, we will analyze how firms use accounting principles to prepare operating plans and to explore the consequences of alternative strategies.

SESSIONS 15 & 16
- Working Capital Management
- Nature of Inventory
- Credit Management and Analysis, and Credit Decisions

SESSIONS 17 & 18
- Growth and External Sources of Funding

SESSIONS 19, 20, 21, 22, 23, & 24
- Accounting and Planning Modeling
- Using Basic Software to Build Interrelated Financial Statements
- Assumptions Reality Checks
- Typical Mistakes in Modeling Design

PART III: SHORT-TERM FINANCIAL PLANNING

In the third part of the course we will look at how your firm’s financial decisions affect its working capital and cash balances, and we will then show how firms can develop short-term plans.

SESSIONS 25 & 26
- Cash Management and Internal Control of Cash
- Focus on Cash Flows
SESSIONS 27, 28, 29, & 30
- Financial Planning for the Short-Term
- Analysis of Changes in Cash and Working Capital
- Cash Budgeting
- Analysis of Short-Term Indebtedness
- Feasibility Plan Assessment
- Financing Alternatives: in Medium and Long-Term Bank Loans, Guarantees, Medium-Term Financing, Capital Lease

FINAL EXAM

5. EVALUATION (ORDINARY AND EXTRAORDINARY)

Session participation 30%

Attendance and punctuality are mandatory. Students are expected to come prepared and participate actively and voluntarily during lectures.

Mid-term examination 30%

Because of the technical nature of most of the material, it is important to keep up by working the textbooks and the case studies provided during the course. The mid-term examination, session 14, may be worked out in groups (maximum 4 students per group) and will cover the material presented during the first part of the course. The use of notes or textbooks is not allowed during the preparation of this assignment.

Final exam 40%

Closed-book, closed-note, written examination. A calculator, but not a laptop, is allowed.

6. RETAKE POLICY

- Each student has 4 chances to pass any given course distributed in two consecutive academic years (regular period and July period).

- Students who do not comply with the 70% attendance rule will lose their 1st and 2nd chance, and go directly to the 3rd one (they will need to enrol again in this course next academic year).

- Grading for retakes will be subject to the following rules:
  - Students failing the course in the first regular period will have to do a retake in July (except those not complying with the attendance rules, which are banned from this possibility).
  - Dates and location of the July retakes will be posted in advance and will not be changed. Please take this into consideration when planning your summer.
  - The retake will consist on an exam similar in content and complexity to the exam prepared for the ordinary session.

The maximum grade that a student may obtain in the retake will be 8 out of 10.

7. USE OF ELECTRONIC DEVICES IN CLASS

It is recommend the use of a laptop in class, Wi-Fi connection not needed though. In any case, the use of Wi-Fi for activities not related to this class will hinder your grade on participation.