

Teaching guide

IDENTIFICATION DETAILS

Degree:	Business Administration and Management		
Field of Knowledge:	Social and Legal Science		
Faculty/School:	Legal and Business Science		
Course:	FINANCIAL MANAGEMENT I		
Type:	Compulsory	ECTS credits:	6
Year:	3	Code:	7133
Teaching period:	Fifth semester		
Area:	Finance		
Module:	Functional administration of business areas		
Teaching type:	Classroom-based		
Language:	English		
Total number of student study hours:	150		

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SUBJECT DESCRIPTION

DESCRIPTION OF THE COURSE

Financial Management I studies the fundamentals of modern finance in terms of asset valuation and investment analysis. The students will learn the characteristics of different securities and how to measure risk and return of bonds, shares and investment portfolios. They will apply the previous knowledge in Time Value of Money.

GOAL

The objective of the course is to provide students with the basic tools and knowledge in order for them to understand the process of valuation of financial investments. After the course they will be able to determine risk and return for the main financial assets and to understand how financial decisions involving different financing instruments are made, as well as the implications of such decisions.

The specific aims of the subject are:

To understand financial theories related to asset valuation and investments analysis - To apply such theories to equity and fixed assets valuations - To assess risk and return in portfolios applying the relevant theories - To learn to diversify risk

PRIOR KNOWLEDGE

Time Value of Money
Statistics
Accounting

COURSE SYLLABUS

Topic 1. Securities. Risk and Return. Investment under risk

- 1.1 Introduction to financial markets. Financial assets
- 1.2 Risk and return for financial assets
- 1.3 Risk in investments. Standard deviation and variance
- 1.4 Normal distribution
- 1.5 Montecarlo simulation. Decision trees with risk

Topic 2. Analysis of equity instruments

- 2.1 Equity in a company. Shares. Type of shares
- 2.2 Terminology. EPS, DPS, Payout
- 2.3 Return of equity instruments
- 2.4 Gordon Shapiro theory. Equity valuation
- 2.5 Fundamental analysis

Topic 3. Debt Instruments

- 3.1 Debt instruments, short and long term
- 3.2 Rating assessment
- 3.3 Price and return of bonds
- 3.4 Accrued coupon. Concept and calculation

Topic 4. Portfolio theory

- 4.1 Risk, rentabilidad y registro histórico
- 4.2 Analysis of portfolios. Markowitz model
- 4.3 Equilibrium in the capital markets: CML
- 4.4 Sharpe Model. Systematic and specific risk
- 4.5 Capital Asset Pricing Model (CAPM)
- 4.6 Portfolio performance

EDUCATION ACTIVITIES

In person

Lectures. Individual and group assignments. Practice through group problem solving in class.
The class will be complemented with the use of specific software that will make easy students to understand the real world

Online

Online work is carried out through the virtual classroom (practical cases, student communication,...).

Individual work assisted

Each professor will use individual learning methods that will develop students capabilities in the subject. These could be business games, or videos so that students complement class materials on their own

Office hours:

- Office hours will be specified on the first day of class. In any case, the student must send previously an email to the professor to check availability.

Important Note:

The learning activities and the working time allocation could change depending on the different scenarios established by the health authorities

DISTRIBUTION OF WORK TIME

CLASSROOM-BASED ACTIVITY	INDEPENDENT STUDY/OUT-OF-CLASSROOM ACTIVITY
60 hours	90 hours
Master Classes 30h Practical exercises 30h	Theoretical Study 30h Practical exercises 30h Preparation of individual and group work 30h

SKILLS

Basic Skills

Students must have demonstrated knowledge and understanding in an area of study that is founded on general secondary education. Moreover, the area of study is typically at a level that includes certain aspects implying knowledge at the forefront of its field of study, albeit supported by advanced textbooks

Students must be able to apply their knowledge to their work or vocation in a professional manner and possess skills that can typically be demonstrated by coming up with and sustaining arguments and solving problems within their field of study

Students must have the ability to gather and interpret relevant data (usually within their field of study) in order to make judgments that include reflections on pertinent social, scientific or ethical issues

Students must be able to convey information, ideas, problems and solutions to both an expert and non-expert audience

Students must have developed the learning skills needed to undertake further study with a high degree of independence

General Skills

Ability to carry out synthetic and analytical thought.

To have developed the necessary skills to ensure problems are solved and goals are reached.

To be able to work and make decisions in all manner of situations.

To have developed the necessary skills for effective organisation and planning in order to obtain improved business administration and management.

To be able to learn autonomously and independently.

Specific skills

To be able to approach a subject by means of rigorous, profound and comprehensive thought.

To be able to proficiently use the necessary tools to find an optimum financial balance between equity and long-term debt.

To be familiar with the operating mechanisms of the various money and capital markets, especially regarding the stability, profitability and risk involved in each one.

To be able to prepare and understand financial statements as a tool for subsequent decision-making, whilst having the ability to verify their veracity.

To have the capacity to administer a company's finances.

To be totally familiar with the procedures and contents of university work tools: text commentary, analysis, summary and the preparation of a research project.

LEARNING RESULTS

Assesses financial investments under risk

Understands the functioning of main equity and debt instruments

Values equities and bonds

Assesses the performance of portfolios

Diversifies financial risk

Calculates the cost of the company's financial resources

LEARNING APPRAISAL SYSTEM

The evaluation system will be done under the "evaluación continua" model, evaluating student work through the course, to verify that competences, habilities and results are achieved as expected. This evaluation system will be applied even under a lock-down scenario imposed by health authorities

The evaluation system under "Convocatoria Ordinaria" will be the following:

For students in the first "Matrícula":

- a) Assistance and active participation in class (10%) For this element to be considered when calculating the average grade, it should be above 80%
- b) Partial tests, papers, exercises, case studies, etc (30%)
- c) Final exam (60%). It will be in person if allowed by health authorities, or according with health authorities indications otherwise

The final grade will be calculated as a weighted average according to the previously mentioned weights if the grade on the final exam is above 4 over 10. If not, the final grade will be the grade of the final exam

For students in 2nd and other "matrículas", as well as for "Convocatoria Extraordinaria", the final grade will be calculated as: Partial tests, papers, exercises, case studies, etc * 30% + Final exam * 70% if the grade on the final exam is above 4 over 10. If not, the final grade will be the grade of the final exam

Important:

Exams will be in person if allowed by health authorities, or according with health authorities indications otherwise

Deadlines should be rigorously met

Plagiarism and the use of ilegal means in the exams will be sanctioned following university's "Normativa de Evaluación" and the "Normativa de Convivencia"

BIBLIOGRAPHY AND OTHER RESOURCES

Basic

Principios de Finanzas Corporativas (11 Edición) (2015). Richard Breadyly, Stewart Myers y Franklin Allen. Ed McGraw-Hill

Fundamentos de Finanzas Corporativas (11 Edición) (2020). Stephen Ross. Ed. McGraw-Hill

Introduction to Statistical Methods for Financial Models (2018). Thomas A. Severini. Ed. Chapman and Hall/CRC Press.

Essentials of Investments (2017). Zvi Bodie, Alex Kane, Alan J. Marcus. Ed. McGraw-Hill

Additional

Decisiones óptimas de Inversión y Financiación (2005). Andrés S. Suárez Suárez. Ed Pirámide