

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		

Teaching staff	E-mail
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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.

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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 build portfolios based on the desired risk and the available funds.

The specific aims of the subject are:

PRIOR KNOWLEDGE

Time Value of Money. Mathematics and Statistics. Accounting

COURSE SYLLABUS

0.- Introduction

Capitalization Models
Financial Equivalenc

1. - Financial Decisions Under Uncertainty
NPV, IRR, Payback and modified IRR Review
Risk on investment: Expectation and Variance of NPV
Gauss Distribution. Tchebycheff Inequality

2. The Value of Common Stocks

Equity markets
Common stocks. EPS and Dividend.
How to measure equity returns
The Gordon-Shapiro Theory. Valuing business by discounted cash flows.
Fundamental Analysis. The P/E ratio
Technical Analysis

3. Fixed Income Markets. Valuation of Bonds
The Fixed Income Market. Notes and Bonds.
Type of Bonds.
Rating
Valuing Bonds. The accrued coupon
Duration and modified duration
The Yield Curve

4. Introduction to Derivatives

Futures /Forward Agreements
Options
Financial Swaps

5. Portfolio Management
Risk and Returns. Historical Perspective
Risk and Return of a Portfolio. The efficient border
The Markowitz Theory
The Capital Market Line (CML)
The Sharpe Model. Systematic and Specific Risk
CAPM. SML.
Does the CAPM work?
The Arbitrage Pricing Theory

EDUCATION ACTIVITIES

Lectures. Individual and group assignments. Practice through problem solving in class.

On line work (communications, cases,...)

Tutorials

-. Schedule should be announce the first day of the course

DISTRIBUTION OF WORK TIME

CLASSROOM-BASED ACTIVITY	INDEPENDENT STUDY/OUT-OF-CLASSROOM ACTIVITY
60 hours	90 hours
Lectures: 20 hours. Practice: 30 hours. Practice using computer: 10 hours	Theoretical study: 30 hours Resolution of exercises : 30 hours Preparation of individual and group assignments: 30 hours

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

Analysis of investments under uncertainty environments

Understanding of key fix and equity instruments

Valuation of equity and bonds

Evaluates the profitability of different portfolios

Diversifies financial risk

Calculates the cost of the different financial sources of a corporate

LEARNING APPRAISAL SYSTEM

Active participation.....15%
Individual and group assignments.....20%
Final Exam.....65%

The minimum grade required in the final exam to pass the course is 4.0.

For students with academic dispensations, the weight of the final test will be to have students with regular attendance plus the weight given to the attendance / participation in class. The rest will go to the papers. The final test is the same as for students in regular attendance. To make the average score on this final test must be at least 4.

Students without academic dispensation not attending class should make the final test, to which they are entitled. It may be different from the rest and more difficult since they failed to demonstrate full competence of the subject. For these students the maximum grade will be 6.9 Aprobado.

All assessable exams shall be subject to the provisions of the Regulations Assessment Degrees in Business Administration and Marketing.

The level of competence in the subject is evaluated through the previous weighting as follows:

Competence 1.3. Exam and individual assignments

Competence 2.4 Exam, participation and both, individual and group, assignments

Competence 12.1 Exam and both, individual and group, assignments

Competence 12.4 Exam and both, individual and group, assignments

Competence 15.1. Exam

BIBLIOGRAPHY AND OTHER RESOURCES

Basic

Corporate Finance (2012). Stephen Ross, Randolph Westerfield y Jeffrey Jaffe. McGraw-Hill.

Principles of Corporate Finance (2010). Richard Brealey, Stewart Myers y Franklin Allen. McGraw-Hill.