

**Finance I**

Code: 102329  
ECTS Credits: 6

Degree	Type	Year	Semester
2501572 Business Administration and Management	OB	3	1
2501573 Economics	OB	3	1

The proposed teaching and assessment methodology that appear in the guide may be subject to changes as a result of the restrictions to face-to-face class attendance imposed by the health authorities.

**Contact**

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**Use of Languages**

Principal working language: catalan (cat)  
Some groups entirely in English: Yes  
Some groups entirely in Catalan: Yes  
Some groups entirely in Spanish: Yes

**Other comments on languages**

les mateixes que en cursos anteriors

**Teachers**

Carlota Menéndez Plans  
Joan Montllor Serrats  
Antonio Vila Fernández-Santacruz  
Ramón Prat Casanovas  
Paulino Aguilera Malagón

**Prerequisites**

Standard requirements for the third course of the degree. The students registered in this subject are expected to have the skills of the previous courses.

**Objectives and Contextualisation**

This subject introduces students to financial foundations for the degrees to which it belongs, Business and Economics. They learn to think in financial terms and get acquainted with the similarities and differences between financial and real economic analysis.

The course is centred on the financial market distinctive features and value creation, from the twofold perspective of markets and corporations. Topics are studied from the point of view of the two dimensions of Finance: time and risk.

## Competences

### Business Administration and Management

- Apply the basic statistics for improving capacity for work in situations of risk, understanding their origins and developing possible strategies for reducing or mitigating their effects.
- Apply theoretical knowledge of finances to improve relations with sources of financing, identifying the different forms of financing and the advantages and disadvantages for the company and the providers.
- Capacity for adapting to changing environments.
- Capacity for independent learning in the future, gaining more profound knowledge of previous areas or learning new topics.
- Capacity for oral and written communication in Catalan, Spanish and English, which enables synthesis and oral and written presentation of the work carried out.
- Demonstrate initiative and work individually when the situation requires it.
- Manage conflicts of interest and in particular conflicts involving proposals for the fair distribution of value generated.
- Organise the work in terms of good time management, organisation and planning.
- Select and generate the information necessary for each problem, analyse it and take decisions based on that information.
- Take decisions in situations of uncertainty, demonstrating an entrepreneurial and innovative attitude.
- Work well in a team, being able to argue proposals and validate or reject the arguments of others in a reasoned manner.

## Learning Outcomes

1. A capacity of oral and written communication in Catalan, Spanish and English, which allows them to summarise and present the work conducted both orally and in writing.
2. Apply the main principles of risk management.
3. Apply the methodology of financial economy reasoning and differentiate it from its equivalent in real economy.
4. Assess the creation of value in finance markets.
5. Capacity to adapt to changing environments.
6. Capacity to continue future learning independently, acquiring further knowledge and exploring new areas of knowledge.
7. Demonstrate initiative and work independently when required.
8. Demonstrate knowledge of the variables determining the formation of value.
9. Describe the characteristics and objectives of financial regulation from the perspective of market efficiency.
10. Make decisions in situations of uncertainty and show an enterprising and innovative spirit.
11. Organise work, in terms of good time management and organisation and planning.
12. Select and generate the information needed for each problem, analyse it and make decisions based on this information.
13. Select and interpret the financial information of markets and companies.
14. Understand the formation of value from the perspective of shareholders.
15. Work as part of a team and be able to argue own proposals and validate or refuse the arguments of others in a reasonable manner.

## Content

### 1 Assets and valuation principles

#### 1.1 Primitive and derivative assets

#### 1.2 Basic financial operations: Investment, speculation, hedging and arbitrage.

#### 1.3 Capitalization and discounting.

#### 1.4 The twofold dimension of finance: Time and risk.

### 2 Financial markets and their role in asset valuation

#### 2.1 Concept and functions of the financial market. Primary and secondary market.

#### 2.2. The stock and fixed income markets.

- 2.3 How derivative markets work.
- 2.4 Introduction to hedging with derivatives.
- 3 Diversification and portfolio selection
  - 3.1 Common stocks risk and return.
  - 3.2 Portfolios risk and return.
  - 3.3 Diversification and risk reduction
  - 3.4 The Markowitz portfolio selection model.
- 4 The Capital Asset Pricing Model
  - 4.1 .Introducing the risk free interest rate in portfolio selection: The separation theorem.
  - 4.2 The market portfolio and the Capital Market Line.
  - 4.3 The Security Market Line
  - 4.4 Systematic risk vs. specific risk.
- 5. The efficiency of financial markets
  - 5.1. Concept and properties of efficient capital markets.
  - 5.2 Anomalies and noise.
  - 5.3 Bubbles and crisis.
  - 5.4. Financial markets regulation.
  - 5.5 Ethics in financial markets.
- 6. Financial assets valuation: Common stocks and Bonds.
  - 6.1 Required rate of return and risk premia.
  - 6.2. Bond valuation.
  - 6.3 Common stocks valuation: earnings and dividends.
  - 6.4 Commonstocks valuation: Growth opportunities
- 7 . Introduction to option and futures valuation
  - 7.1 Call and put concepts.
  - 7.2 The put-call parity relationship.
  - 7.3 Binomial valuation.
  - 7.4 Introduction to futures price

## Methodology

65.66% of the credits (32.5 hours) are theoretical and 34.34% (17 hours) are practical. Theory will be taught through lectures.

Lecturers introduce the topics encouraging students's participation through questions and observations. In each topic, presentation of contents is accompanied by the analysis and reasoning of the methods applied.

The practical part consists of problem solving (with and without software), analysis of financial market and corporate information, and selected readings. Ad hoc software will be used.

Students are expected to participate actively by solving exercises and analysing published information, especially financial websides. Problem solving in the classroom insists on the usage of software (especially Excel spreadbooks).

The proposed teaching methodology may undergo some modifications according to the restrictions imposed by the health authorities on on-campus courses.

Annotation: Within the schedule set by the centre or degree programme, 15 minutes of one class will be reserved for students to evaluate their lecturers and their courses or modules through questionnaires.

## Activities

Title	Hours	ECTS	Learning Outcomes
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Type: Directed			
Case studies and exercises	17	0.68	2, 3, 4, 1, 14, 7, 8, 9, 10, 12, 13, 15
Master classes	32.5	1.3	2, 3, 4, 1, 14, 8, 9, 11, 10, 13
Type: Supervised			
Tutorials	22.5	0.9	2, 3, 4, 5, 1, 14, 7, 8, 9, 11, 12, 13, 15
Type: Autonomous			
Searching documents and references	12	0.48	6, 7, 11, 13, 15
Solving exercises and case studies	41	1.64	2, 3, 4, 1, 14, 7, 8, 9, 11, 12, 13, 15
Studying	20	0.8	2, 3, 4, 5, 1, 6, 14, 7, 8, 9, 11, 10, 12, 13, 15

## Assessment

The proposed evaluation activities may undergo some changes according to the restrictions imposed by the health authorities on on-campus courses.

The evaluation of 'Finance I' consists of a continuous evaluation process formed by three activities based on two different typologies.

The final exam (exam at the end of the semester) weights 50% and the other two activities - exercises, essays, case studies, questionnaires, individual or group presentations, etc. - weight 25% each.

Participation in all evaluation activities is compulsory.

The final grade of the subject is the weighted average of the marks earned in the three activities that constitute the continuous evaluation according to the weights quoted above.

If this weighted average is equal to or higher than 5.0, the student has passed the subject.

The retake-exam evaluates the whole contents of the subject in a new exam to be written following the rules of the Faculty of Economics and Business.

### RULES OF THE FACULTY OF ECONOMICS AND BUSINESS ON EVALUATION AND RETAKING

#### Calendar of evaluation activities

The dates of the evaluation activities (exercises in the classroom, assignments, ...) will be announced well in advance during the semester.

The dates of the midterm exam and the final exam are scheduled in the evaluation calendar of the Faculty.

"The dates of evaluation activities cannot be modified, unless there is an exceptional and duly justified reason why an evaluation activity cannot be carried out. In this case, the degree coordinator will contact both the teaching staff and the affected student, and a new date will be scheduled within the same academic period to make up for the missed evaluation activity." Section 1 of Article 115. Calendar of evaluation activities (Academic Regulations UAB). Students of the Faculty of Economics and Business, who in accordance with the previous paragraph need to change an evaluation activity date must process the request by filling out an Application for exams' reschedule:

[https://eformularis.uab.cat/group/deganat\\_feie/nou-reprogramacio-de-proves](https://eformularis.uab.cat/group/deganat_feie/nou-reprogramacio-de-proves)

### Grade revision process

After all grading activities have ended, students will be informed of the date and way in which the course grades will be published. Students will be also be informed of the procedure, place, date and time of grade revision following University regulations.

### Retake Process

"To be eligible to participate in the retake process, it is required for students to have been previously been evaluated for at least two thirds of the total evaluation activities of the subject." Section 3 of Article 112 ter. The recovery (UAB Academic Regulations). Additionally, it is required that the student to have achieved an average grade of the subject between 3.5 and 4.9.

The date of the retake exam will be posted in the calendar of evaluation activities of the Faculty. Students who take this exam and pass, will get a grade of 5.0 for the subject. If the student does not pass the retake, the grade will remain unchanged, and hence, the student will fail the course.

### Irregularities in evaluation activities

In spite of other disciplinary measures deemed appropriate, and in accordance with current academic regulations, "in the case that the student makes any irregularity that could lead to a significant variation in the grade of an evaluation activity, it will be graded with a 0, regardless of the disciplinary process that can be instructed. In case of various irregularities occur in the evaluation of the same subject, the final grade of this subject will be 0". Section 10 of Article 116. Results of the evaluation. (UAB Academic Regulations).

Rules of the Universitat Autònoma de Barcelona concerning the grade "Non-assessable / No avaluable"

A student receives the grade "Non-assessable / No avaluable" when there is insufficient evidence of her/his participation in the evaluation of the subject.

A student is stated as "Non-assessable" in the subject 'Finance I' if she/he decides not to write the final exam weighted 50% in the grade.

## Assessment Activities

Title	Weighting	Hours	ECTS	Learning Outcomes
Exam at the end of the semester	50%	2	0.08	2, 3, 4, 1, 14, 8, 9, 12, 13
First exam of continuous evaluation	25%	1.5	0.06	2, 3, 4, 5, 1, 6, 14, 7, 8, 9, 11, 10, 12, 13, 15
Second exam of continuous evaluation	25%	1.5	0.06	2, 3, 4, 1, 14, 8, 9, 13

## Bibliography

Basic bibliography:

BODIE, Z.; A. KANE; A. J. MARCUS. Investments. 11th edition. New York: McGraw-Hill, 2018.

BREALEY, R.; S.C. MYERS; F. ALLEN. Principles of Corporate Finance, 13th edition. New York: McGraw-Hill, 2020.

HULL, J. Fundamentals of Futures and Options Markets. 9th edition. Pearson. 2017.

MALKIEL, B.G. A Random Walk Down Wall Street. 12th edition. New York: W.W. Norton, 2020.

ROSS, S.A.; R.W. WESTERFIELD; J. JAFFE; B.JORDAN. Corporate Finance. 12th edition. New York: McGraw-Hill, 2019.

Complementary bibliography:

LEE, Cheng-Few; LEE, Alice C. (eds.). *Encyclopedia of Finance*. 2nd edition. e-book. Springer, 2013. UAB e-catalogue.

REUVID, J. *Corporate Finance Handbook*. Kogan Page Publisher. 2002. UAB e-catalogue.

*The New Palgrave Dictionary of Economics*. Macmillan. e-book. 2018. UAB e-catalogue.

## **Software**

Excel

The subject counts at the Virtual Campus with different Excel files constructed ad hoc for 'Finance I' by the lecturers of the subject.