

Finance I

Code: 102112
ECTS Credits: 6

Degree	Type	Year	Semester
2501231 Accounting and Finances	OB	2	2

Contact

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Use of Languages

Principal working language: catalan (cat)
Some groups entirely in English: No
Some groups entirely in Catalan: Yes
Some groups entirely in Spanish: No

Prerequisites

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

Objectives and Contextualisation

This subject introduces students to financial foundations for the degrees to which it belongs. 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 corporations. Topics are studied from the point of view of the two dimensions of Finance: time and risk.

Competences

- Communicating in oral and written form in Catalan, Spanish and English, in order to be able to summarise and present the carried out project in both forms.
- Efficiently searching information, discriminating irrelevant information.
- Planning and conducting the accounting organization of a company or group of companies.
- Searching for innovative and imaginative solutions.
- Selecting and interpreting the financial information of markets and companies.
- Students must be able to adapt to changing environments.
- Students must be capable of applying their knowledge to their work or vocation in a professional way and they should have building arguments and problem resolution skills within their area of study.
- Students must be capable of collecting and interpreting relevant data (usually within their area of study) in order to make statements that reflect social, scientific or ethical relevant issues.
- Students must be capable of communicating information, ideas, problems and solutions to both specialised and non-specialised audiences.
- Students must develop the necessary learning skills to undertake further training with a high degree of autonomy.

- Students must have and understand knowledge of an area of study built on the basis of general secondary education, and while it relies on some advanced textbooks it also includes some aspects coming from the forefront of its field of study.

Learning Outcomes

1. Assessing the value of the shares of the companies.
2. Communicating in oral and written form in Catalan, Spanish and English, in order to be able to summarise and present the carried out project in both forms.
3. Defining the characteristics of the various sources of funding.
4. Efficiently searching information, discriminating irrelevant information.
5. Formulating debt and dividend policies.
6. Identifying concrete financial transactions and financial systems used in the setting of prices.
7. Interpreting the financial statements produced by companies, connecting the different parts and, if appropriate, detecting inconsistencies or possible incorrect data.
8. Naming the regulatory agencies of the financial system and its functions.
9. Prepare financial statements and reports for accounting, fiscal, financial and organizational purposes.
10. Students must be able to adapt to changing environments.
11. Students must be capable of applying their knowledge to their work or vocation in a professional way and they should have building arguments and problem resolution skills within their area of study.
12. Students must be capable of collecting and interpreting relevant data (usually within their area of study) in order to make statements that reflect social, scientific or ethical relevant issues.
13. Students must be capable of communicating information, ideas, problems and solutions to both specialised and non-specialised audiences.
14. Students must demonstrate they have an innovative and entrepreneur spirit.
15. Students must develop the necessary learning skills to undertake further training with a high degree of autonomy.
16. Students must have and understand knowledge of an area of study built on the basis of general secondary education, and while it relies on some advanced textbooks it also includes some aspects coming from the forefront of its field of study.
17. Utilising the financial information of yearbooks, memoirs and in the network.

Content

1: Introduction to Corporate Finance

1.1 The role of the Financial Director

1.2 The Spanish Financial System

2: The value of money in time: capitalization and discounting

2.1 Definition of interest rates.

2.2 Futurs values and interest rates

2.3 The Present values

2.4 The futurs values of multiple cash flows. Identical cash flows.

2.5. The present values of multiple cash flows. Identical cash flows. Perpetuity

2.6. Nominal interest rate and annual effective interest rate.

2.7. Inflation and interest rates.

3: Accounting and finance

3.1 Account cycle, cash cycle and finance cycle.

- 3.2 Accounting cycle, cash cycle and financial statements
- 3.3 Economic Return (ROA) and Financial Return (RE) and leverage effect
- 4: Risk, diversification and portfolio selection
 - 4.1 A review of the rates of profitability.
 - 4.2 The risk and its measurement .
 - 4.3 Risk and diversification.
 - 4.4 Markowitz's portfolio selection model .
- 5: The efficiency of financial markets
 - 5.1 Introducing the risk free interest rate in portfolio selection: The separation theorem
 - 5.2 The market portfolio and the Capital Market Line.
 - 5.3 The Capital Asset Pricing Model (CAPM)
- 6: Risk and the cost of capital
 - 6.1 The analysis of the capital structure.
 - 6.2 Measuring the cost of Equity
 - 6.3 The After-Tax Weighted Average Cost of Capital
- 7: Valuing Bonds
 - 7.1 Using the Present Value to Value Bonds
 - 7.2 How Bond Prices Vary with Interest Rates?
- 8: Valuing Common Stocks
 - 8.1 The determinants of Stock Prices
 - 8.2 Mean methods to Commom Stock Valuation

Methodology

50% of the credits are theoretical and 50% 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 or the methods applied.

The practical part consists of problem solving (with and without software), analysis of financial market and corporation information, and selected readings. Students are expected to participate actively by solving exercises and analysing published information, especially financial websides. Problem solving in teh classroom insists on the usage of software (especially spreadbooks).

To considerer:

- a. The teaching planned for the subject is on campus teaching
- b. The proposed teaching methodology may undergo some modifications according to the restrictions imposed by the health authorities o non-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
Type: Directed			
Master classes	32.5	1.3	
Practical laboratories (computerized practical)	10	0.4	
Resolution of exercises in the classroom and case analysis	7	0.28	
Type: Supervised			
Tutorials	22.5	0.9	
Type: Autonomous			
Search for information	12.5	0.5	
Searching documents and references	22	0.88	
Solving exercises and case studies	40	1.6	

Assessment

The **final grade of the course** It will be formed by the weighted average three notes:

1 Course follow-up . The correct follow-up of the course requires the attendance in class and the realization and delivery of the Case studies, both those carried out autonomously and those carried out in laboratory practices, as well as the activities carried out during the course for each of the subjects. Throughout the course, all these aspects will be controlled and that will result in a note that will represent the 30% of the final mark of the course

2 Evaluative activity . In the middle of it course will be a test about the contents of the first part of the course. The note will represent the 30% of the final grade of the course This test will be liberated by students who obtain a grade of 5 or higher.

3 Review at final (see exam calendar of the faculty). Students will be assessed based on the contents of the second part of the course, which can be passed if they obtain a grade of 5 or higher. In this case The exam will represent the note 40% of the final grade of the course On the same date that the final exam will be a proof of recovery for students who have passed the evaluation activity of the previous point. This recovery will be exceeded if you get a score equal to or greater than 5.

For **to pass the subject** it is necessary: Obtain a minimum mark of 5 in the weighted average of the three notes that form the evaluation of the course (see points 1, 2 and 3 above). If the student's grade mark is 5 or higher, the subject is considered exceeded and this will not be subject to a new evaluation. In the case of a grade of less than 3.5, the student will have to repeat the subject in the following year.

Calendar of evaluation activities

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

The date of the final exam is scheduled in the assessment 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/application-for-exams-reschedule

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 for the subject. If the student does not pass the retake, the grade will remain unchanged, and hence, student will fail the course.

A student is considered "Not Applicable" to the subject as long as he has not participated in any of the assessment activities. Therefore, it is considered that a student who does some component of continuous evaluation can no longer opt for a "Non-Valuable".

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).**

To considerer:

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

Assessment Activities

Title	Weighting	Hours	ECTS	Learning Outcomes
Cours follow-up	30%	0	0	4, 8, 3, 14, 9, 5, 6, 7, 16, 15, 13, 11, 12, 10, 2, 17, 1
Final exam	40%	2	0.08	16
Mid-term exam	30%	1.5	0.06	16

Bibliography

Relevant bibliography

- BREALEY, R., MYERS, S.C., ALLEN, F. Principios de finanzas corporativas. 13ª ed. Madrid: McGraw-Hill, 2020.
- DAMORADAN, A. Corporate Finance. Theory and practice. John Wiley & Sons , INC., 2001.
- ROSS, SA; RW WESTERFIELD and J. JAFFE. Finance Corporate. McGraw-Hill , 2018

Digital books

- BREALEY, R., MYERS, S.C., ALLEN, F. Principios de finanzas corporativas. 9ª ed, 2009.

Software

In the practical classes excel is used, both in the conventional classroom and in the computer classroom.