Grado en Administración y Dirección de Empresas
27315 - Financial Valuation

Course 2014 - 2015

Curso: 2, Semestre: 2, Créditos: 6.0

Basic information

Teachers

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Recommendations to attend this course

Attendance to class and continuous work by the student are recommended, according to the continuous assessment system proposed for the students who wish to follow it.

Course Schedule and Deadlines

The classes will start and finish on the dates indicated in the academic calendar of the University of Zaragoza for the second term of the course 2014/15, taking into account that this subject is developed according to the continuous assessment system. In addition to the scheduled theoretical and practical classes, students can attend P6-type practices (the dates and the timetable will be available on the respective notice board)

Home

Learning outcomes that define this course

The student, in order to pass the course, will have to show her/his competence in the following skills:

1:
To examine the fundamentals of financial valuation.

2:
To classify and assess short-term financial transaction, such as bank discount and factoring.

3:
To classify and assess financial products, such as those traded on money markets, according to the detail worked in class.

4:
To compare and evaluate different annuities which may occur in any financial transaction and establish equivalences

5:
To distinguish and classify financial laws to assess long-term financial operations such as investment and lending.

Introduction

Brief presentation of the course

The subject "Financial Valuation" provides students the necessary tools for the proper understanding and assessment of the different financial operations, both from the perspective of business and personal finance. These financial operations are divided into short-term operations (as bank discount) and long-term operations (loan repayment). Therefore, the subject provides to the students the basics of their financial education, as well as the tools to make financial decisions solving practical case studies, close to the professional reality.

Competences

General aims of the course

The expected results of the course respond to the following general aims

- Conduct an introduction to the fundamentals of financial operations, so that students are able to identify the correct financial law at any time to obtain equivalence financial expressions and manage both personal and business finances.

- Make available the common financial transactions that occur in the business and personal day to day, both short term and long term.

- Assess annuities to evaluate different investment and financial instruments, as well as their correct use for making decisions.

- Provide students with the necessary financial assessment tools to determine the effective rate of investment alternatives and the effective cost of financing alternatives. Additionally, students will possess tools to compare different alternatives.

Context/Importance of the course for the master degree

This compulsory subject was established as part of the mandatory part of the degree, specifically in the second course and the second semester, once students already have some preparation for certain financial transactions. Its content is taken as a starting point for next subjects in the degree.

It is intended that students will be able to assess the most common business and personal financial operations in the short and long term. Therefore, students can compare the cost / return of different financial transactions and thereby provide tools to decide on whether or not to use certain financial sources or savings products. After acquiring this knowledge, the student will continue their financial education with the subject "Financial Management" in the third course.

The interest of this subject lies in the importance and contemporary of the topics studied since its purpose is to show the students the necessary tools to assess financial transactions (both investment and financial) because both companies and people have to face certain financial decisions throughout their life, as, for example, applying for a loan.

After completing the course, the student will be competent in the following skills:

1:

1:Understand the operation of all the functional areas of a company or organization, and carry out with ease whatever management function is assigned to them.

2:Assess the situation and foreseeable evolution of business entities and other organizations, make decisions and extract relevant knowledge.

3:Carry out advisory reports on specific situations of markets, sectors, organizations, companies and their functional areas.

4:Understand and apply professional criteria and scientific rigor to solve economic, business and organizational problems.

5:Capacity to solve problems.

6:Capacity for analysis and synthesis.

7:Communicate oral and writing correctly, emphasizing argumentation.

8:Ethical commitment at work.

9:Capacity to work in team.

10: Apply knowledge to practice.

Relevance of the skills acquired in the course

The learning outcomes obtained in the subject are important for students because:

● The students will learn the suitability to undertake certain transactions in the short-term market (bank discount, buying Treasury bills, etc...), which is essential for the correct functioning of organizations.

● The students will understand the importance of proper assessment of several annuities for the investment and financial making decisions.

● The students will understand and compare the return of different and common constitution operations in the business world (savings plans, pension plan contributions, etc...), which will facilitate communication and negotiating of financial terms with professionals.

● The students will understand and compare the cost of different funding sources (loans, factoring, leasing, etc...) which will facilitate communication and negotiating of financial terms with professionals.

Evaluation

Assessment tasks

The student will prove that he/she has achieved the expected learning results by means of the following assessment tasks:

1:

1: FIRST CALL, THERE ARE TWO EVALUATION SYSTEMS:

Continuous assessment system.

It consists of three written exams and several group works. With relation to the three proposed written exams: the first will be at the end of unit 3; the second at the end of unit 4 and the third at the end of unit 6. These exams consist of both theoretical and practical questions, and the subject (units) accumulates. To pass each of the exams, the student has to obtain a minimum score of 4/10 in theory and 4/10 in practice.

Additionally, the group works (formed by 2 to 4 people) consist of short reports of specific financial transactions that students can observe in the markets. The presentations of these works, which in some cases will be oral, are foreseen in the practical work sessions (P6 practices) and in some Solving Sessions of Problems and Cases.

The weight distribution of the different written exams is as follows:

- First written exam: 10%
- Second written exam: 30%
- Third written exam: 40%
- Works, attitude, class participation and group exhibitions: 20%

To pass by continuous assessment, students are required to have presented to all written exams and work presentations. The students who fail two or more written exams can not choose the continuous assessment.

Global assessment system

In this system the student will perform a final written exam which accounts for 100% of the assessment. This exam will consist of both theoretical and practical questions. To pass the exam, the student has to obtain a minimum score of 4/10 in theory and 4/10 in practice.

ON SECOND CALL, the assessment will be carried out through a global exam of 10 points with the same standards established for the global exam of the first call.

To pass the subject, the student has to obtain at least 5 points out of 10.

Valuation criteria

It is going to assess that the student knows, understands and is able to use, in different contexts, the concepts studied in the subject. Furthermore, the ability to integrate the knowledge acquired will be assessed.

In any case, it will be assessed the confidence degree in the answers, the absence of formal errors, clarity and order in the result presentation for the questions raised in the exams and practical works. Equally, the reflection and brainstorming of the works or interventions, as well as the regularity of active participation in classroom, may be assessed.

Activities and resources

Course methodology

The learning process that has been designed for this course is based on the following activities:

The learning-teaching process designed for the subject "Financial Valuation" with 6 ECTS credits is based on the distribution of 150 hours of student work in actual 60 hours face and 90 non-actual hours.

Specifically, the 60 classroom hours are divided into 30 hours of participatory lectures and 30 hours of practices solving problems and cases on the blackboard and with the computer. As a consequence, the development of actual classrooms is structured around the fundamental points that are described in the following section.

Outline of the Programme

The programme offered to the students to help them achieve the learning results includes the following activities :

1:

1: **Participatory lecture sessions:**

In these sessions the lecturer exposes and explains the basic concepts of financial transactions as well as the financial laws that allow assessing these operations with the objective that the student calculates and reflects on the cost / return of different financial operations by solving simple theoretical-practical cases in the classroom. At these sessions, student participation will be enhanced to discuss the most important concepts analyzed in each session.

The student will have available the bibliography recommended for each of the units studied and is waiting for him to review it in detail before attending the corresponding session.

2: **Solution problem Sessions and blackboard cases and at computer rooms:**

Every week, in addition to the participatory lecture session, students will have a session of problems and cases solution. In connection with these problem-solving sessions and cases, students are expected particularly active due to the split of groups.

3: **Sessions of Practical Works (P6 type)**

In these sessions, students will present and defense the proposed cases in the course of continuous assessment.

4: **SYLLABUS**

Part 1: Fundamentals of Financial Valuation

Unit 1. Fundamentals of Financial Valuation

1.1. Financial capitals and financial operations

1.2. Rational behavior in comparisons of financial capitals

1.3. Financial Law and the effect of compounding periods

Part 2: Valuation of Short-Term Financial Operations

Unit 2. Short-Term Financial Operations

2.1. Equivalent sums with simple financial law

2.2. Bank discount

2.3. Factoring

Unit 3. Valuation of Financial Operations in Short-Term Public Debt Markets

3.1. Characteristics of financial operations in short-term public debt markets

3.2. Treasury Bills: primary and secondary markets

3.3. Repo operations

Part 3: Assessment of annuities

Unit 4. Annuities

4.1. Concept and elements of an annuity

4.2. Constant and immediate annuities

4.3. Advance and deferred annuities

4.4. Arithmetical progression annuities

4.5. Geometrical progression annuities

4.6. General annuities

Part 4: Assessment of Long-term Financial Operations

Unit 5. Deposits

5.1. Introduction to deposits

5.2. Annuity due deposits

5.3. Immediate deposits

Unit 6. Loan amortization

6.1. Introduction to loan amortization operations

6.2. Method of constant principal payments

6.3. French amortization method

6.4. Amortization method by variable installments (payments)

6.5. Variable rate loans

6.6. Effective rate of loans

Course planning

Calendar of actual sessions and presentation of works

The calendar of actual sessions will be announced on the website of the center; the presentation of works and other activities will be communicated by the teacher through appropriate ways.

Bibliographic references of the recommended readings

Facultad de Empresa y Gestión Pública

- Cruz Rambaud, Salvador : Introducción a las matemáticas financieras / Salvador Cruz Rambaud, María del Carmen Valls Martínez . - 3ª ed. Madrid : Pirámide, D.L. 2014
- Ferruz Agudo, Luis : Valoración financiera / Luis Ferruz Agudo, José Luis Sarto Marzal Zaragoza : Copy Center, cop. 2013
- Fuente Sánchez, Damián de la. Valoración de operaciones financieras / Damián de la Fuente Sánchez, Inmaculada Pra Martos . 1ª ed., 1ª reimp. Madrid : Editorial Universitaria Ramón Areces, D.L. 2011

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Facultad de Ciencias Sociales y Humanas

- Ferruz Agudo, Luis. Valoración financiera / Luis Ferruz Agudo, José Luis Sarto Marzal Zaragoza : Copy Center, cop. 2008
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- Valls Martínez, María del Carmen. Introducción a las matemáticas financieras : problemas resueltos / María del Carmen Valls Martínez, Salvador Cruz Rambaud . 2ª ed. Madrid : Pirámide, cop. 2009