



COURSE DATA

DATA SUBJECT

Code: 35806
Name: Theory of finance
Cycle: Undergraduate Studies
ECTS Credits: 6
Academic year: 2025-26

STUDY (S)

Degree	Center	Acad. year	Period
1313 - Degree in Business Management and Administration	Facultat d'Economia	3	First quarter
1330 - Degree in Business Management and Administration (Ontinyent)	Facultat d'Economia	3	First quarter
1921 - Double Degree Program BMA and Law	Facultat d'Economia	4	Second quarter, First quarter
1926 - Double Degree Program Tourism and BMA	Facultat d'Economia	4	First quarter

SUBJECT-MATTER

Degree	Subject-matter	Character
1313 - Degree in Business Management and Administration	Principles of financial management	COMPULSORY
1330 - Degree in Business Management and Administration (Ontinyent)	Principios de Dirección Financiera	COMPULSORY
1921 - Double Degree Program BMA and Law	Year 4 compulsory subjects	COMPULSORY
1926 - Double Degree Program Tourism and BMA	Asignaturas de cuarto curso	COMPULSORY

COORDINATION

GOMEZ CALVET ANA ROSA

SUMMARY

Finance Theory course is part of the subject Principles of Financial Management, and includes part of the body of knowledge needed to carry out the financial management of any company. Specifically, it deals with the description, analysis and evaluation of corporate financing instruments both internal (self-financing) and external (stocks, bonds ...) and major decisions such as financing (debt policy and dividend policy). Moreover, given the overall objective of the financial management of the company (ie, maximize the market value of the company to the shareholder), is essential to interrelate investment decisions (in the subject studied Investment Theory) with funding decisions (themselves the subject that concerns us).



PREVIOUS KNOWLEDGE

RELATIONSHIP TO OTHER SUBJECTS OF THE SAME DEGREE

There are no specified enrollment restrictions with other subjects of the curriculum.

OTHER REQUIREMENTS

It is strongly recommended to have previous knowledge of Investment Theory, Statistics (basics), Financial Accounting and Financial Mathematics.

COMPETENCES / LEARNING OUTCOMES

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Be able to adapt to new situations.

Be able to analyse and search for information from different sources.

Be able to learn autonomously.

Be able to make decisions.

Be able to solve problems.

Be able to use ICTs in the field of study.

Be able to work in a team.

Demonstrate capacity for analysis and synthesis.

Have organisation and planning skills.

Manage time effectively.

DESCRIPTION OF CONTENTS

1. INTERNAL FINANCING

1. Funds that companies generate internally.
2. Depreciation.
3. Retained earnings.



2. EXTERNAL FINANCING

1. External financing and Financial System.
2. Issuing Securities.
3. Other financing sources.

3. OWN EXTERNAL FINANCING. SHARES AND SUBSCRIPTION RIGHTS VALUATION

1. External financing through issue of shares.
2. Stock valuation. Constant dividend model and increasing dividend model.
3. Valuation of subscription rights.

4. FINANCING WITH EXTERNAL FUNDS. BOND VALUATION

1. External financing through the issuance of bonds / obligations.
2. Valuation of bonds/obligations. Issuance over par, par and under par. Dynamic behavior of the price of bonds /obligations
3. Other sources of business financing.

5. CAPITAL STRUCTURE, RISK AND OPPORTUNITY COST OF CAPITAL

1. Capital Structure of the firm. Leverage.
2. Profitability. Economic risk and financial risk.
3. Risk determinants. Opportunity cost of capital.

6. BORROWING POLICY

1. The borrowing policy of the firm.
2. The borrowing policy of the firm with perfect capital markets.
3. The borrowing policy of the firm with non-perfect capital markets.
4. Borrowing policy and investment decisions. Project valuation.



7. PAYOUT POLICY

1. The payout policy of the firm.
2. The payout policy of the firm with perfect capital markets.
3. The payout policy of the firm with non-perfect capital markets.

WORKLOAD

PRESENCIAL ACTIVITIES

Activity	Hours
Theory	30,00
Classroom practices	30,00
Total hours	60,00

NON PRESENCIAL ACTIVITIES

Activity	Hours
Attendance at other activities	0,00
Individual or group project	0,00
Independent study and work	90,00
Preparation of lessons	0,00
Preparation for assessment activities	0,00
Resolution of case studies	0,00
Total hours	90,00

TEACHING METHODOLOGY

- During theoretical classes, professor will explain the subject. It will be considered student's participation, asking pertinent questions, and discussing, after reading, the concepts being studied.

- During practice classes, professor will solve, with student's participation, some exercises of the collection provided. Part of these exercises must be solved at home by the students. Also interested in business reality.

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EVALUATION



- Continuous assessment: it must be understood as referring to a natural process of successive acquisition of skills and knowledge that converges and condenses in a final exam. It can be implemented through thematic questionnaires and course work. Weight: 25%. The continuous assessment is recoverable with the final exam.
- Final exam: it will consist of a set of test-type questions and / or several open questions, combining theory and practice. Weight: 75%. Essential condition to pass the exam: obtain a minimum of 1.75 points (out of 5) both in theory and in practice.
- To pass the subject, you must pass the final exam.

REFERENCES

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- BERK, J.; DeMARZO, P. (2024): Corporate Finance, 6 th edition. Pearson Education Limited. Global edition.
- BLANCO, F.; FERRANDO, M.; MARTÍNEZ, F. (2007): Dirección financiera I: selección de inversiones. Pirámide.
- BLANCO, F.; FERRANDO, M.; MARTÍNEZ, F. (2015): Teoría de la Inversión. Pirámide.
- BREALEY, R.A.; ALLEN, F.; MYERS, S.C. (2020). Principios de Finanzas Corporativas, 13ª edición. McGraw-Hill.



- FERRANDO, M.; GÓMEZ, A.R.; LASSALA, C.; PIÑOL, J.A.; REIG, A. (2005): Teoría de la financiación I: modelos CAPM, APT y aplicaciones. Pirámide.
- GOMEZ, A.R.; PIÑOL, J.A.; REIG, A.; RODRIGO, A. (2006): Teoría de la financiación II: OPT, estructura de capital y dividendos. Pirámide.
- HILLIER, D.; ROSS, S.; WESTERFIELD, R.; JORDAN, B. (2024): Corporate Finance, 5th edition. McGraw-Hill European edition.
- LASSALA, C.; MEDAL, A.; NAVARRO, V.; SANCHIS, V.; SOLER, A. (2006): Dirección financiera II: medios de financiación empresarial. Pirámide.
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VNIVERSITAT DE VALÈNCIA

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