COURSE DATA

DATA SUBJECT

Code: 35944
Name: Analysis and evaluation of business investment
Cycle: Undergraduate Studies
ECTS Credits: 6
Academic year: 2026-27

STUDY (S)

Degree	Center	Acad. year	Period
1315 - Degree in Finance and Accounting	Facultat d'Economia	2	Second quarter

SUBJECT-MATTER

Degree	Subject-matter	Character
1315 - Degree in Finance and Accounting	Foundations of corporate finance	COMPULSORY

COORDINATION

MEDAL BARTUAL MARIA AMPARO

SUMMARY

Analysis and valuation of business investment is a 6 ECTS credit compulsory subject assigned to the Finance module and, within it, to the area of Fundamentals of Corporate Finance. Within the temporary distribution of the subjects in the degree of Finance and Accounting it is located in the second term of the second year.

This subject is the student's first contact with corporate finance. It introduces the fundamental financial decisions in the company, addressing some of them in greater depth and establishing the basis for further development in other subjects of the Finance module. Thus, from the definition of the basic tasks of the financial director, that is, the decisions of productive investment, financing decisions, and the adjustment of the inflows and outflows of money in the company, the subject deepens in the analysis, the valuation and selection of business investment projects. For this, we start from the objective of financial decisions in the company and study the theoretical foundations of investment decisions, coming to define one of the most important concepts in the valuation of productive investments: the opportunity cost of capital.

For methodological reasons, we undertake the determination of the money generated by the investment project (free cash flows) and the study of the different objective criteria that allow the valuation of productive investment decisions in the company in a context of certainty. Subsequently, we extended this study to more realistic environments, contemplating the existence of uncertainty in the estimation of free cash flows, risky projects, investments with financial restrictions, etc.

To carry out the analysis of risky investment projects it is necessary to introduce the relationship between expected return and risk in the financial market. These concepts are studied at a basic level based on portfolio selection models and financial asset valuation models.

It is obvious to point out that today any company needs professionals in the financial field capable of making the best investment decisions, a need that is accentuated in the context of uncertainty derived from the current economic situation. If making the best investment decisions has always conditioned the development and continuity of the company, today it is presented as an essential requirement for its survival.

Without detracting from the importance that the professional experience has in the Financial Management of the company, it is essential to be able to respond to the changes to know the basic theories that correspond to Finance. Therefore, it is necessary that students understand why companies and markets behave in a certain way, that is, they need to know the theoretical foundations of investment decision making and how, through these decisions, to increase the market value of the firm.

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PREVIOUS KNOWLEDGE

RELATIONSHIP TO OTHER SUBJECTS OF THE SAME DEGREE

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

OTHER REQUIREMENTS

No enrolment restrictions have been specified with other subjects of the curriculum.
For a follow-up on the subject, students should have different knowledge and tools acquired in the subjects of Financial Accounting I (second term of the first year), Financial Accounting II (second year), Statistics I (second term of the first year), Statistics II and Financial Mathematics (both in the first term of the second year).

COMPETENCES / LEARNING OUTCOMES

1315 - Degree in Finance and Accounting

Capacidad para analizar y valorar las inversiones productivas de la empresa.

CM4FYC 10 Capacidad para valorar y gestionar carteras de activos financieros.

CM4FYC 2 Capacidad para aplicar correctamente un modelo de valoración común para el análisis de las operaciones financieras de inversión y financiación.

Conocer los instrumentos de soporte financiero para las empresas y sus implicaciones sobre el valor.

DESCRIPTION OF CONTENTS

1. CORPORATE FINANCES AND THE FINANCIAL DIRECTOR

1.1. Introduction to corporate finance.
1.2. Tasks of the financial director.
1.3. The objective of financial decisions in the company.
1.4. Separation between property and management.
1.5. Ethics and Social Responsibility in Finance

2. THEORETICAL BASICS OF INVESTMENT DECISIONS AND VALUATION CRITERIA

2.1. The role of financial markets: consumer decisions.
2.2. Existence of productive investment opportunities: Fisher¿s Separation Theorem.
2.3. The Net Present Value criterion.
2.4. The Internal Rate of Return.
2.5. Other valuation criteria.

3. CONSIDERATIONS IN ESTIMATING NET CASH FLOWS

3.1. Cash flows estimation.
3.2. Incremental cash flow concept.
3.3. Consideration of inflation.

4. MAKING INVESTMENT DECISIONS WITH THE CRITERIA OF THE CURRENT NET VALUE

4.1. Selection of mutually exclusive investment projects.
4.2. Selection of projects when financial resources are limited.
4.3. Selection of projects of different duration.

5. INTRODUCTION TO THE RISK, PERFORMANCE AND COST OF CAPITAL OPPORTUNITY

5.1. Relationship between return and risk in the financial market.
5.2. Return measurement and risk for individual assets and portfolios.
5.3. Diversification concept.
5.4. The relationship between the return of an asset or portfolio and the market portfolio.

6. CAPITAL AND RISK BUDGET

6.1. Cost of capital of the company and the project.
6.2. Use of the firm¿s cost of capital to value investment projects.
6.3. Determination of the discount rate when the firm¿s cost of capital cannot be used.
6.4. Determination of the discount rate when the beta is not available.

7. PROJECT ANALYSIS TECHNIQUES

7.1. Sensitivity analysis.
7.2. Scenarios analysis.
7.3. Break-even analysis.
7.4. Sequential decisions.

WORKLOAD

PRESENCIAL ACTIVITIES

Activity	Hours
Theory	30,00
Computer classroom practice	15,00
Classroom practices	15,00
Total hours	**60,00**

NON PRESENCIAL ACTIVITIES

Activity	Hours
Attendance at other activities	2,00
Individual or group project	0,00
Independent study and work	68,00
Preparation of lessons	0,00
Preparation for assessment activities	0,00
Resolution of case studies	20,00
Total hours	**90,00**

TEACHING METHODOLOGY

Given the size of the groups, in the theoretical classes the basic methodology to use is the master

class, although the debate and the participation of the student in it will be encouraged. The objective is to transmit the theories and models related to the Financial Management of the company, in such a way that the student obtains the theoretical bases necessary for the later practical reasoning in financial terms.

In the practical classes problems and cases will arise in the field of the subject with the aim that the students are able to synthesise the relevant information and from it, understand and solve the problems related to business investment decisions.

The practices developed in the computer classroom are complementary to the practices described above. These sessions will allow us to broaden the complexity and realism of the issues addressed through the use of specific programs and technologies. With all this, students must reach the proposed capacities, knowing and correctly applying the valuation models of the productive investments of the company, and being able to value and manage portfolios of financial assets in the defined contexts

EVALUATION

To assess student learning, a diversified evaluation system will be used, allowing the demonstration of the knowledge and skills acquired.

- **80% of the final grade** will correspond to a **synthesis test or written EXAM**, which will include multiple-choice questions and practical exercises. The multiple-choice questions are designed to assess students' general understanding of the subject matter, while the practical exercises aim to evaluate their ability to synthesize relevant information and apply theoretical knowledge to problem-solving.
  The exam will specify the maximum score for each part (theoretical and practical), and **a minimum score in both parts will be required** to combine the marks. This synthesis test will account for **80% of the final grade**.

- The remaining **20%** will correspond to **continuous assessment**, based on various tests carried out during the course in the **computer lab**. These tests will be defined by the lab instructor and will require students to apply the knowledge acquired in the course.

Due to the conclusive nature of the continuous assessment, it **cannot be retaken during the first exam session**, but **may be recovered in the second session**.

In detail:

- In the **first exam session**, students can obtain a maximum of **8 points** from the **written exam**. This score can be supplemented with up to **2 additional points** from continuous assessment, **provided the student passes the exam** (minimum of 4 out of 8).
  If the exam is **not passed** in the first session, the **final grade will be the exam grade**, and the **continuous assessment grade will be retained** for the second session.

- In the **second exam session**, if the **exam grade out of 10** is higher than the sum of the exam out of 8 plus continuous assessment, the **higher grade** will be used.

Grades will be expressed **numerically** in accordance with **Article 5 of Royal Decree 1125/2003, of September 5**, which establishes the European credit and grading system for official university degrees valid throughout the national territory.

REFERENCES

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