

**COURSE DATA****DATA SUBJECT****Code:** 36796**Name:** Finance**Cycle:** Undergraduate Studies**ECTS Credits:** 6**Academic year:** 2025-26**STUDY (S)**

| Degree   | Center              | Acad. year | Period        |
|--|---------------------|------------|---------------|
| 1933 - Double Degree in Law and Economics_2022 | Facultat d'Economia | 3          | First quarter |

**SUBJECT-MATTER**

| Degree   | Subject-matter              | Character  |
|--|-----------------------------|------------|
| 1933 - Double Degree in Law and Economics_2022 | Asignaturas de tercer curso | COMPULSORY |

**COORDINATION**

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**SUMMARY**

This is a compulsory subject that provides an introductory overview of the field of finance (or financial economics) especially designed for a specialized degree in economics, with emphasis on asset valuation and personal investment and risk management decisions.

From a theoretical point of view, this course highlights the basic conceptual pillars of finance, in order to contribute to approach the study of the subject from a solid foundation. This basis will be useful both for this course as well as in a possible more advanced study later on. From a practical point of view, the applied side of finance - one of the most useful branches of economics for the daily decision making of individuals and companies - is extensively illustrated.

We hope that both the dual conceptual and practical aspects will awaken the students' interest in financial economics, a subject of great importance both for the understanding of the current functioning of the economies in the western countries, and for the daily management of the financial affairs of economic agents.



Students may subsequently complete their study of finance in two advanced electives: Corporate Finance (dedicated to the financial decisions of the companies) and Financial Markets and Banking Operations (dedicated to advanced aspects related to the financial system, fixed-income markets and banking intermediaries).

## 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 previous knowledge in any financial subject is required.

## COMPETENCES / LEARNING OUTCOMES

## DESCRIPTION OF CONTENTS

### 1. OVERVIEW OF FINANCE

1. Finance (Financial Economics): concept and relevance
2. Main fields of study
3. Financial system. Main functions and relevance
4. Concept of risk in Finance
5. Types of risk-management strategies through the financial system
6. Main analytical tools of Modern Financial Economics

### 2. TIME VALUE OF MONEY AND DISCOUNTING KNOWN CASH FLOWS

1. Accumulating and future value
2. Discounting and present value
3. Multiple cash flows. Annuities.
4. Applications of discounted cash flow analysis

### 3. ARBITRAGE AND RELATIVE VALUATION

1. Absence of arbitrage and the Law of One Price (LOP)
2. Applications of the LOP
3. Synthetic assets and Financial Engineering

### 4. TERM STRUCTURE OF INTEREST RATES AND COUPON BONDS

1. Zero-coupon bonds and the term structure of interest rates
2. LOP and pricing of coupon bonds
3. Term structure theories

### 5. RISK AND RETURN OF INVESTMENTS



- 1.Introduction
- 2.Measuring expected return and risk for a financial asset
- 3.Relationship between risk and return and the historical record
- 4.Expected return and risk of a portfolio
- 5.Systematic and unsystematic risk

**6. OPTIMAL CHOICE OF INVESTMENT PORTFOLIO**

- 1.Introduction
- 2.Optimal portfolio selection

**7. EQUILIBRIUM IN FINANCIAL MARKETS: THE CAPM MODEL**

- 1.Diversification and portfolio risk
- 2.Relationship between risk and expected return of individual risky assets
- 3.Empirical evidence on CAPM

**8. INTRODUCTION TO STOCK VALUATION**

- 1.Introduction
- 2.Dividend discount model
- 3.Discounted cash flow model
- 4.Price-to-earnings ratio (P/E ratio)

**WORKLOAD**

**PRESENCIAL ACTIVITIES**

| Activity                          | Hours        |
|-----------------------------------|--------------|
| Theoretical and practical classes | 60,00        |
| <b>Total hours</b>                | <b>60,00</b> |

**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         |
| <b>Total hours</b>                    | <b>90,00</b> |

**TEACHING METHODOLOGY**

There will be a **two-hour lecture plus a two-hour practice session per week**, thus a total of four classroom



hours per week.

- The lecturer will combine during the lecture his/her explanations with the active participation of the students (they should raise their doubts, try to help their classmates, and participate in discussions in group about the most controversial concepts). The objective is to improve the autonomous capacity of the students (individual work at home previous to the lecture) as well as their ability to work in groups, to argue and defend ideas (debate groups), and their oral and written communication skills. Students will be expected to have completed the assigned readings before class and review them after class.
- Practice sessions will consist of solving exercises, working on case studies, workshops, presentations and discussions, etc. Weekly problem sets will be assigned throughout the course to illustrate and reinforce the concepts presented in class as well as.
- Lecture slides, practice sessions guidelines and relevant materials can be found at [www.aulavirtual.uv.es](http://www.aulavirtual.uv.es).
- Students will be expected to work in groups in preparation of the projects that will be presented in class.

## EVALUATION

### EVALUATION SYSTEM

The course grade for the students registered in the group who attend classes regularly will be given by the sum of:

1. A written exam that will consist of theoretical questions as well as exercises, problems and/or real cases. This exam will account for 80% of the final grade. A minimum grade of 5 points out of 10 must be obtained in this written exam in order to pass the subject.
2. The continuous assessment based on in-person training activities and homework assignments. This section will account for 20% of the course grade and will consist of two parts:
  - a) First part (10% of the final grade): An in-class test, with single-choice questions, covering the first four thematic units. This part of the assessment is recoverable in the final exam.
  - b) Second part (10% of the final grade): The assignment of a practical training task done with a computer. This part of the assessment is irrecoverable in the final exam.

The final qualification will be given by the sum of the previous concepts. Nonetheless, in order to pass the subject, **the student must pass the final exam** (answer at least 50% of the exam questions correctly), **which is compulsory**. In case of failing the final exam, the maximum qualification that the student can obtain as the sum of all the items will be 4.5 points

### SECOND CALL EVALUATION SYSTEM



For the second examination call, the same evaluation and weighting criteria as for the first call will be used. Those students who are evaluated on the second examination call will maintain the grade obtained in all the evaluation items except the final exam, and they will not be allowed to complete any tasks or homework that had not been previously considered for the first call.

#### CHANGES IN FINAL EXAMINATION SCHEDULES

Any possible change of the date and/or time of a final exam will be administered under the terms and conditions established by Article 9.2 of the "Regulation of evaluation and qualification of the University of Valencia for bachelor's and master's degrees, ACGUV 108/2017".

In particular, in case of coincidence at the same date and time of two final exams of the same degree, if according to the rules this subject must change the date or time, the student will have to submit a written request to reschedule his/her exam to the Head of the Department at least one month before the beginning of the final examination period.

You can submit your request to: [dep.economia.financera@uv.es](mailto:dep.economia.financera@uv.es) exclusively from your [alumni.uv.es](mailto:alumni.uv.es) email address.

In order to be allowed to take the alternative exam, the student will have to provide documentary evidence that he/she has previously attended the coincident exam.

#### ACADEMIC FRAUD

Exams will be regulated by Article 13 on examination fraud of the "Regulation of evaluation and qualification of the University of Valencia for bachelor's and master's degrees, ACGUV 108/2017". Additionally, all the assessment tasks and homework will be subject to the regulation on plagiarism detailed in Article 15.2 of the same Regulation.

Furthermore, recall that all the tasks and final examinations will also be subject to the new "Action protocol for fraudulent practices at the University of Valencia. ACGUV 123/2020".

In particular, in accordance with this regulation:

1. The following practices, among others, will be considered as fraudulent: refuse to be identified or bring any unauthorized material to the examination venue, as well as plagiarism in any task and homework.
2. At the beginning of an examination, the instructor will inform the attendees about any material and objects that are strictly prohibited to be used. In any case, students are not authorized to have any electronic device within reach (such as cellular phones or any electronic mean of emitting, receiving and/or storing information), unless they are specifically permitted to do so by the instructor.
3. Every student must follow the instructions given by the teachers and must collaborate with them. In case of incidences, teachers are considered as academic authorities, and their testimony is a privileged mean of



proof.

## EXAMINATION REGULATIONS

The complete above-mentioned University of Valencia regulations can be found at:

<https://www.uv.es/uvweb/college/en/undergraduate-studies/academic-information/regulations/university-valencia-legislation-1285850677111.html>

## REFERENCES

- Bodie, Z. R.C. Merton y D. Cleeton (2012): Financial Economics, Pearson Learning Solutions, 2nd ed. de: Bodie, Z. and R.C. Merton (2000): Finance, 1st rev. ed., Prentice-Hall. Versión traducida al español: Bodie, Z. y R.C. Merton (2003): Finanzas, 1ª ed. rev., Pearson Educación.
- BERK ET AL. (2010): Fundamentos de Finanzas Corporativas. Ed. Prentice Hall. Madrid 2010
- Gutiérrez Urtiaga M. y J.D. Moreno Muñoz (2023): Manual práctico de economía financiera. Pirámide.
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