

Academic Year/course: 2022/23

27515 - Financial Valuation

Syllabus Information

Academic Year: 2022/23

Subject: 27515 - Financial Valuation

Faculty / School: 109 - Facultad de Economía y Empresa

Degree: 449 - Degree in Finance and Accounting

ECTS: 6.0

Year: 2

Semester: Second semester

Subject Type: Compulsory

Module:

1. General information

1.1. 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.

These approaches and objectives are aligned with the Sustainable Development Goals (SDGs) of the UN 2030 Agenda (<https://www.un.org/sustainabledevelopment/en/>), hence, the achievement of the learning outcomes of the course provides training and competence to contribute to its achievement to some extent:

Objective 4: Quality Education

Goal 4.3 Until 2030, to ensure an equity access for men and women to technical quality education including university teaching.

1.2. Context and importance of this course in the 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.

1.3. Recommendations to take 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.

2. Learning goals

2.1. Competences

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

Specific skills

- E2. Understand the contexts in which finance and accounting are related individually and jointly with other functional areas of organizations.
- E3. Participate in advising companies, institutions and investors in the management and administration of financial resources from a comprehensive approach.
- E4. Understand the functioning of financial markets, the institutions that intervene in them, the instruments that are traded in them and their influence on investment and financing decisions.
- E8. Develop functions related to the areas of investment analysis, financial and financial risk management, auditing, financial and cost accounting and budget control of organizations.

Transversal skills

- G1. Capacity for analysis and synthesis.
- G2. Capacity to solve problems.
- G6. Ability to use technological means used in the activity.
- G8. Develop collaborative attitudes and work in multidisciplinary or multicultural teams, as well as develop a critical attitude for debate.
- G15. Ability to innovate in all aspects, as well as to adapt to new environments: social, cultural, technological.
- G17. Autonomy for training and continuous learning.

2.2. Learning goals

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.

2.3. Importance of learning goals

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.

3. Assessment (1st and 2nd call)

3.1. Assessment tasks (description of tasks, marking system and assessment criteria)

The student will prove that he/she has achieved the expected learning results by means of the following assessment tasks: In the first call, there are two evaluation systems:

Continuous assessment system

It consists of two written exams: the first will be at the end of unit 4 and the second at the end of unit 6 (in dates established by the Faculty for this kind of exams). These exams consist of both theoretical and practical questions, and the subject (units) accumulates. To pass each of the exams as well as the whole subject by this continuous assessment system, the student has to obtain a minimum score of 1,5/5 in theory and 1,5/5 in practice, being necessary to reach a minimum score of 4/10 in the whole exam. When the required score has not been obtained in any of these parts (theory and/or practice), the final score will be the lowest of both scores.

Additionally, two group works (formed by 2 to 4 people) will take place, consisting of short reports of specific financial transactions that students can observe in the markets. The specific task of these works and activities will be explained by the

teacher.

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

- First written exam: 45%
- Second written exam: 45%
- Works, class participation and group exhibitions: 10%

To pass by continuous assessment, students are required to have presented to all written exams and work presentations, if it is applicable, and obtain a minimum score of 4/10 in each of the written exams and the average should be equal or higher than 5/10. The students who fail the first written exam with a grade lower than 4/10 cannot 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 in the official date established by the Faculty. This exam will consist of both theoretical and practical questions. To pass the exam, the student has to obtain a minimum score of 1,5/5 in theory and 1,5/5 in practice and the final grade should be equal or higher than 5/10. When the required score has not been obtained in any of these parts (theory and/or practice), the final score will be the lowest of both scores.

In the global assessment exam, theoretical questions may be open, essays or test type. In the practical part, exercises and practical cases will be proposed.

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

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.

All these events are considered to be performed in a face-to-face system but according with potential health advices they would be carried out in an on-line system (partially or totally).

In the on-line system, the student might be recorded. The student rights are provided in: https://protecciondatos.unizar.es/sites/protecciondatos.unizar.es/files/users/lopd/gdocencia_reducida.pdf

The appropriate software will be used to check the originality of the activities carried out. In case of plagiarism or copy in an activity the grade will be 0 points in it.

4. Methodology, learning tasks, syllabus and resources

4.1. Methodological overview

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.

4.2. Learning tasks

The course includes the following learning tasks:

- Lectures (30h): 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.
- Problem solving sessions. Sessions and blackboard cases and at computer rooms (30h): 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 (in case of the existence of the split).

The teaching delivery methodology is expected to pivot around face-to-face classes. However, if necessary for health reasons, face-to-face classes may be taught online.

4.3. Syllabus

The course will address the following topics:

Section 1: Fundamentals of Financial Valuation

- Topic 1. Fundamentals of Financial Valuation
 - 1.1. Financial capital and financial operation
 - 1.2. Rational behavior comparing some financial capital
 - 1.3. Financial Law and the effect of compounding periods

Section 2: Valuation of Short-Term Financial Operations

- Topic 2. Short-Term Financial Operations
 - 2.1. Equivalent sums with simple financial law
 - 2.2. Bank discount
 - 2.3. Factoring
- Topic 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

Section 3: Assessment of annuities

- Topic 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

Section 4: Assessment of Long-term Financial Operations

- Topic 5. Deposits
 - 5.1. Introduction to deposits
 - 5.2. Annuity due deposits
 - 5.3. Immediate deposits
- Topic 6. Loans
 - 6.1. Introduction to loans
 - 6.2. Method of constant principal payments
 - 6.3. French amortization method
 - 6.4. Variable installment loans
 - 6.5. Variable rate loans
 - 6.6. The effective rate of loans

4.4. Course planning and calendar

Further information concerning the timetable, classroom, office hours, assessment dates and other details regarding this course, will be provided on the first day of class or please refer to the Faculty of Economics and Business website (<https://econz.unizar.es/>)