

# FI008 PRINCIPLES OF FINANCE

## DESCRIPTION

This course provides an overview of the fundamentals of finance, exploring the key concepts of time value of money and risk to help understand the major determinants of value creation. We will use both theoretical and real-world examples; the main objective of the course is to provide students with a strong foundation in finance, which can be scaled up in future finance courses or in real job situations. The course is aimed at students from varied backgrounds who may or may not have an interest in finance, but who will soon realize that finance can be fun, interesting and enormously useful.

## SEMESTER

First

## CREDITS

3.00

## TITULAR PROFESSORS

[INMACULADA PALLEJÀ MASIP](#)

[JOSE ANTONIO LANAU ALVAREZ](#)

## OBJECTIVES

This course seeks to assist you in:

- Developing strong fundamentals in finance
- Understanding financial jargón
- Scaling up your knowledge of finance
- Understanding it practically and not just theoretically

## CONTENTS

Below you can find the main topics that will be covered. The order in which they are covered might vary.

Time Value of money. PV and FV for Single Cash flows/ Basics of Bonds. Zero coupon, Pricing and market data on bonds/ Coupon Bonds/ Cases/ Basics of CAPM (Risk and return perspective), Risk and return concepts, basic applied statistics, measure of market risk Beta/ Shares Issuance/ Bank Loans/ Cases/

Mid-term exam/ Cash flow Estimation and Principles/Decision criteria. NPV, IRR, Payback/ Basics of Stocks, pricing, dividend growth stocks, the fundamentals of growth/ Cases/ Applications of NPV, IRR, Payback and challenges/ Problems/ Recap/ Final Exam

### **METHODOLOGY**

The classes will be based on first understanding the concepts theoretically and then applying that concept in real world problems.

We will also draw on a vast array of multimedia sources such as PowerPoint Presentations, Excel Spreadsheets, PDF Documents, Web Sites, Videos, Documentaries, to cover the course material.

### **EVALUATION**

Attendance, participation and class exercises 10%

Assignments (Individual & Group) 20%

Mid-term exam 30%

Final examination 40%

### **BASIC BIBLIOGRAPHY**

I would recommend the following books:

Principles of Corporate Finance by Brealey, Myers, Allen.

Corporate Finance by Ivo Welch, 2nd Edition.