1. COURSE IDENTIFICATION

1.- COURSE:

Name: Corporate Finance  
Code: b407  
Year (s) course is taught: 4th Year  
Semester (s) when the course is taught: First  
Type: Compulsory  
ECTS: 6  
Hours ECTS: 30  
Language: English and Spanish  
In-class teaching  
Degree (s) in which the course is taught: Business Management  
School of Business and Economics

2.- ORGANIZATION OF THE COURSE:

Department: Business Economics  
Area of knowledge: Financial Economics and Accounting

2. LECTURERS OF THE COURSE

1.-LECTURERS:

<table>
<thead>
<tr>
<th>Instructor in charge</th>
<th>CONTACT DETAILS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name:</td>
<td>Vicente TENA RODRIGUEZ</td>
</tr>
<tr>
<td>Phone (ext):</td>
<td>91-456-63-00 (5519)</td>
</tr>
<tr>
<td>Email:</td>
<td><a href="mailto:tenrod@ceu.es">tenrod@ceu.es</a></td>
</tr>
<tr>
<td>Office:</td>
<td>1.02 B</td>
</tr>
<tr>
<td>Lecturer (s)</td>
<td>CONTACT</td>
</tr>
<tr>
<td>Name:</td>
<td>Javier ITURRIOZ DEL CAMPO</td>
</tr>
<tr>
<td>Phone (ext):</td>
<td>914566300 ext: 5421</td>
</tr>
<tr>
<td>Email:</td>
<td><a href="mailto:itucam@ceu.es">itucam@ceu.es</a></td>
</tr>
<tr>
<td>Office:</td>
<td>1:07 B</td>
</tr>
<tr>
<td>Lecturer (s)</td>
<td>CONTACT</td>
</tr>
<tr>
<td>Name:</td>
<td>Alexey de la LOMA JIMENEZ</td>
</tr>
<tr>
<td>Phone (ext):</td>
<td>91-456-63-00 (5428)</td>
</tr>
<tr>
<td>Email:</td>
<td><a href="mailto:alexey.delalomajimenez@ceu.es">alexey.delalomajimenez@ceu.es</a></td>
</tr>
<tr>
<td>Office:</td>
<td>1.06 B</td>
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</tbody>
</table>
2.- TUTORIALS:

For any queries students can contact lecturers by e-mail, phone or visiting their office during the teacher’s tutorial times published on the students’ Virtual Campus. Campus.

3. COURSE DESCRIPTION

In this subject, students will learn how to value and to describe the main categories of financial assets, including derivatives, stocks, and bonds. In order to accomplish this objective, we will review how prices are determined in financial markets, and also the different valuation methods used to price bonds, stocks, and derivatives.

4. SKILLS

1.- SKILLS

**Code | Basic and General Skills**
---|---
BS1 | Students should have demonstrated that they have gained knowledge of and understand an area of study at a level beyond secondary education that, even though based on advanced text books, it also includes aspects that are acquired from knowledge deriving from the state-of-the-art of the field of study.
BS2 | Students should know how to apply their knowledge to their work or vocation in a professional manner and should have the skills that are usually demonstrated by compiling and defending arguments and resolving problems within their area of study.
BS3 | Students should have the capacity to collect and interpret relevant data (usually within their area of study) to form opinions based on reflection on relevant topics of a social, scientific or ethical nature.
GS1 | Capacity for analytical and critical thinking

**Code | Specific Skills**
---|---
SS2 | Capacity to identify, formulate and resolve problems, applying professional criteria and understanding the competitive and institutional position of the organization, identifying its strengths and weaknesses.
SS4 | Capacity of critical analysis in quantitative and qualitative terms, including data analysis, interpretation and extrapolation to a given business reality.
2.- LEARNING OUTCOMES:

<table>
<thead>
<tr>
<th>Learning outcomes</th>
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<tbody>
<tr>
<td>Identify and describe the main financial securities, including stocks, bonds and derivatives. Pricing models used to value stocks, bonds, and derivatives.</td>
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</table>

5. EDUCATIONAL ACTIVITIES

1.- DISTRIBUTION OF STUDENTS’ ASSIGNMENT:

<table>
<thead>
<tr>
<th>Code</th>
<th>Name</th>
<th>On-campus hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>EA2</td>
<td>Seminar</td>
<td>52</td>
</tr>
<tr>
<td>EA3</td>
<td>Practical Workshop</td>
<td>4</td>
</tr>
<tr>
<td>EA4</td>
<td>Practice</td>
<td>3</td>
</tr>
<tr>
<td>TOTAL</td>
<td>Hours</td>
<td>59</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Code</th>
<th>Name</th>
<th>Not on-campus hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>EA0</td>
<td>Independent Work</td>
<td>121</td>
</tr>
</tbody>
</table>

2.- EDUCATIONAL ACTIVITIES:

<table>
<thead>
<tr>
<th>Educational Activity</th>
<th>DEFINITION</th>
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<tbody>
<tr>
<td>Seminar – EA2</td>
<td>Educational activity focused especially on the competence of the students to develop the learning skills enabling them to assimilate content acquired beforehand, while relating economic concepts and those of similar and/or auxiliary disciplines and different theoretical and methodological approaches. Students study each subject in depth to a large extent independently. This educational activity is also centered on encouraging students to acquire the skills necessary to communicate their conclusions – and the understanding and underlying reasons supporting them – to both the specialist and non-specialist public clearly and unequivocally. Priority is given to the participation of students and their sharing of the reasoned interpretation of knowledge and the sources of their fields of study, all of which is coordinated by the professor.</td>
</tr>
<tr>
<td>Practical Workshop – EA3</td>
<td>Educational activity focused especially on the competence of the students to use specific methodologies for resolving problems of a practical nature encountered by economists in their most applied aspects and/or the information technology tools relevant to each subject. Priority is placed on students undertaking practical activities focused on data manipulation and selection of quantitative and/or qualitative information for purposes of extracting/drawing relevant conclusions.</td>
</tr>
</tbody>
</table>
Practice – EA4
Educational activity focused especially on the competence of the students to collect, manipulate and process relevant data and variables for economic, statistical, financial, accounting and tax analyses. Priority is placed on students undertaking activities that involve the application of theoretical and/or technical knowledge acquired, which may be done individually or in a group, depending on the subject and the skills to be acquired.

Independent Work – EA0
Educational activity whereby students independently manage their own learning by the study of the course material.

6. ASSESSMENT OF LEARNING

1.- CLASS ATTENDANCE:

- Students who could reasonably justify why they cannot attend classes, must report these reasons to their professor at the right beginning of the course. In this particular case, professors will establish the corresponding Course Plan adapted to pass the subject. The lack of communication or the delayed communication by students imply that these students will be evaluated using the same criteria as the rest of their colleagues.

2.- ASSESSMENT SYSTEM AND CRITERIA:

<table>
<thead>
<tr>
<th>Code</th>
<th>Name</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>AS4</td>
<td>Written or computer-based examination on exercises, problems, cases, and so forth.</td>
<td>40%</td>
</tr>
<tr>
<td>AS3</td>
<td>Written examination on reasoning questions.</td>
<td>40%</td>
</tr>
<tr>
<td>AS9</td>
<td>Submission of exercises.</td>
<td>20%</td>
</tr>
</tbody>
</table>

ORDINARY EVALUATION

Continuous Evaluation includes:
- **Tests (40%)**: Two specific tests conducted to evaluate the students’ acquired knowledge during the course. It could be made of short theoretical questions and/or practical cases.
- **Practical Cases and Exercises (20%)**: It is based on the students’ classroom participation, through oral exposition, written exercises, practical case discussions with Bloomberg, and all kind of instruments conducted to help students to follow the subject in a day-to-day basis.
- **Final Exam (40%)**: it is made up of 10 questions covering theory and practice, and it also contains some practical cases. In this final exam the minimum mark should be a 4.5.

To pass this subject, students should:
- Achieve, at least, a 4.5 qualification in the final exam and,
- Achieve, at least, 5 points when aggregating all evaluation items.

EXTRAORDINARY EVALUATION
Students who do not pass the subject in the ordinary examination must take the extraordinary examination, and this extraordinary examination contains all testable material that has been covered during the course, including all material covered during the practical cases and exercises. Extraordinary Evaluation is made up of:

- **Final Exam:** it is made up of 5 to 10 questions covering theory and practice, and it also contains some practical cases.

### 7. COURSE SYLLABUS

1. **COURSE SYLLABUS:**

#### PART I: FIXED-INCOME SECURITIES VALUATION.

**CHAPTER 1: PRICE AND PERFORMANCE OF FIXED-INCOME SECURITIES.**

1. Valuation and classification of financial futures.
2. Fixed-income securities.
3. Issuance of fixed-income securities.
4. Price of fixed-income securities.
5. Performance of fixed-income securities.
6. Relationship between risk and return when dealing with fixed-income securities.

**CHAPTER 2: RISK OF FIXED-INCOME SECURITIES.**

1. Effects in the value of a security due to the Term Structure of the Interest Rates.
2. Issuer risk and the rating agencies.
3. Interest rate risk.
4. Duration.

#### PART II: STOCK MARKET SECURITIES VALUATION.

**CHAPTER 3: VALUATION OF STOCK MARKET SECURITIES: DIVIDEND DISCOUNT MODEL (DDM).**

1. Stock market securities.
2. Stocks valuation methods.
3. Constant Growth DDM.
4. Variable Growth DDM using just one discount rate.
5. DDM using more than one discount rate.
6. DDM drawbacks.

**CHAPTER 4: OTHER VALUATION METHODS FOR FIXED-INCOME SECURITIES.**

1. The book value.
2. The liquidation value.
3. Free Cash Flow (FCF) method.
5. Other valuation methods.

#### PART III FINANCIAL DERIVATIVES VALUATION.

**CHAPTER 5: FORWARDS AND FINANCIAL FUTURES.**

2. Concept of forward contracts.
3. Participants in a forward contract.
4. Liquidation of a forward contract.
5. Concept of financial futures.
6. Participants in a financial future.
7. Liquidations of financial futures.

**CHAPTER 6: OPTIONS AND SWAPS.**
1. Concept of financial options.
2. Participants in a financial option contract.
3. Liquidations of financial options.
5. Concept of swaps.
6. Participants in a swap contract.
7. Liquidation of swaps.
8. Other financial derivatives.

8. BIBLIOGRAPHY

1.- BASIC BIBLIOGRAPHY:


HULL, J. (2002): Introducción a los mercados de futuros y opciones, Prentice Hall, Madrid

2.- ADDITIONAL BIBLIOGRAPHY:


3.- WEB RESOURCES :

Financial Information System: BLOOMBERG
Financial Information Website: www.bloomberg.com
Yahoo Finance Resources: www.finance.yahoo.com
Spanish Stock Market Exchanges: www.bolsasymercados.es
Spanish Stock Market Exchange Commission: www.cnmv.es
Technical Analysis Software: www.prorealtime.com
Mutual Funds Resources: www.morningstar.es
Economic and Financial Press: www.cotizalia.com
Economic and Financial Press: www.eleconomista.es
Economic and Financial Press: www.expansion.com
Economic and Financial Press: www.cincodias.com

9. ATTITUDE IN THE CLASSROOM

1.- REGULATIONS

Any irregular act of academic integrity (no reference to cited sources, plagiarism of work or inappropriate use of prohibited information during examinations) or signing the attendance sheet for fellow students not present in class will result in the student not being eligible for continuous assessment and possibly being penalized according to the University regulations.

The teaching unit will decide, in each case, the sanction that will be applied to those students who are expelled from the classroom.