

Module code	FIN7A1	Level	7
Module title	Corporate Finance	Credit value	20
Programme(s) on which the module is taught	MA Management and Finance MSc Finance & Investment	ECTS Credits	10
		Notional learning hours	200

1. Pre-requisite modules

None

2. Module aims and objectives

Financial managers are asked to address the following questions: First, *what long term investments should a firm undertake* (capital budgeting decision). Secondly, *how should cash be raised for the required investments* (financing decision). Thirdly, *how could a firm manage its day-to-day cash and financial decisions* (short term financial planning). Finally, how should a firm return cash to its shareholders (the dividend decision).

These key questions are complicated by:

- First, a globalised context where companies can raise and invest funds in various markets with their own economic, political, currency and other risks (*international financial management issues*);
- Secondly, the separation of ownership from control and the inherent conflict therein; and
- Thirdly, the fact that companies and markets are affected by merging and acquisition processes where the notion of corporate valuation is a highly debated issue (*the market for corporate control*)

The module's aims are to:

- Enable students to have an insight into the techniques used in corporate finance and how they can be applied in real world situations.
- Broaden students' thinking skills relating to the concepts of corporate finance and how they are deployed to the making of investment decisions.
- Develop students' analytical skills on the notions of value, risk, capital budgeting, portfolio theory, dividend policy, capital structure, derivatives, merger and acquisition and other related topics to corporate finance.
- Interpret and make financial decisions within a firm based upon an informed, critical and ethical approach.
- Define ethical considerations and implications of the financial decision.

3. Learning outcomes

A) Knowledge and understanding

Upon successful completion of this module the students will be able to:

- A1:** Display a comprehensive and integrative critical understanding of finance and investment subjects and an ability to apply them at a global level with the appreciation of ethical implications.
- A2:** Demonstrate a command of relevant investment analysis, corporate finance and risk management techniques and methodologies applicable to problem solving, evaluation and strategy formulation in the global financial, trading and investment context.

b) Skills

Upon successful completion of this module the students will be able to:

- B1:** Demonstrate higher level skills of abstraction, critical thinking and synthesis to be able to assimilate financial problems and address ethical issues in modern finance.
- B3:** Assemble, analyse and synthesise information and empirical data in investment and finance that can be brought to bear on relevant problems drawn from a wide variety of sources.
- B4:** Use a range of effective communication, numerical, IT and media skills to access, interpret, manage, evaluate and present financial data and information.
- B8:** Demonstrate effective performance within the team environment and the ability to recognize and utilize individuals' contributions in group processes and to negotiate and persuade or influence others.

4. Indicative content

- ❖ Corporate Governance
 - Agency Conflicts
 - ESG factors
 - Valuation Implications
 - The Role of Ethics in Governance
- ❖ Capital Budgeting
 - Investment Decision Criteria
 - Cash Flow Projections
 - Project Analysis and Evaluation
- ❖ Cost of Capital
 - CAPM and the Cost of Equity
 - Cost of Debt
 - The WACC
- ❖ Leverage and Optimal Capital Structure
 - Measures of Leverage
 - Business Risk and Financial Risk
 - The Capital Structure Decision
- ❖ Dividends and Share Repurchases

- Payout Policy and Company Value
- Tax Implications
- Dividend Safety
- ❖ Working Capital Management
 - Measuring Liquidity
 - Investing Short-Term Funds
 - Managing Short-Term Financing
- ❖ Mergers and Acquisitions
 - Transaction Characteristics
 - Takeovers
 - Corporate Restructuring
- ❖ Initial Public Offerings
 - The IPO process
 - IPO pricing and money on the table
 - Short and Long-Term Returns
 - Ethical considerations and implications

5. Learning and teaching methods

The teaching / learning strategy for this module has been designed to ensure that the programme level learning outcomes outlined above have been acquired. The delivery of this module will draw upon two main learning approaches: Lectures and Seminars. The lectures will provide students with key opportunities to develop critical thinking of corporate finance theory and themes. The seminars will take the form of discussions on finance articles that look at the practice of corporate finance. Thus, the goal of the seminars is to put theory into practice. Additionally, time will be devoted to problem solving in some of the lectures and / or seminars.

The module follows student centred learning: The student has ownership and responsibility, individually and in groups demonstrating diversity values, for their learning, planning and critical thinking of corporate finance theory and practice.

20 credit module – 200 learning hours	
Directed learning	44 hours
Lectures	22
Seminars	22
Collaborative Learning	6 hours
Tutorials (1:1 and group)	6
Self-directed learning	150 hours
Preparation for class	50
Self-study after class	50

Preparation for assessments	30
Assessment	20
Total	200

6. Assessment and relative weightings

The module assessment consists of:

Assessment 1: Group Coursework, (50% TMM): a case study presentation and a written essay on the case study. Students will receive individual marks for their presentations and group marks for the essay).

Assessment 2 Individual Research Assignment, (50% TMM)

The rationale for the above components is as follows:

Presentation and Written Assignment (50% TMM)

The first component of the module will be assessed by one group essay (and presentation) of 2,500 words plus or minus 10%. The group essay and presentation will be worth 50% of the total mark.

Students will start presenting case studies in class from week 6 onwards. Each group will be given approximately 30 minutes for the presentation (3 group members with 10 minutes each) with the remainder of the class time dedicated to discussion of the issues raised by the relevant case study. The topics for the group essays will be either based on their class presentation (case study) or on a topic inspired by it. The group essay will motivate and orient students in pursuing further research and eventually may help them by providing the groundwork for a potential topic for their dissertation.

Individual Research Assignment, 2,500 words (50%):

The second component of the module consists of an individual assignment, which accounts for 50% of the total mark. You will have to carry out further detailed research on one of the listed companies you selected for the first group assignment and analyse its capital structure choices and dividend policies. 2,500 words.

Formative Assessment:

- Formative assessment will be aligned with summative assessment in content and format, and feedback on formative assessment will address strengths and weaknesses to guide students in their preparation for the summative assessment.

7. Mapping of assessment tasks for the module

Assessment tasks	A1	A2	B1	B3	B4	B8
Group Coursework - presentation and 2500-word written assignment	✓			✓	✓	✓
Individual Research Assignment	✓	✓	✓			

8. Key reading

Session Required Reading

- Clayman M.R., M. S. Fridson & G. H. Troughton., (2012), "Corporate Finance: A Practical Approach", CFA Institute of Investments Series, John Wiley & Sons Inc

Also available online at: <https://www.dawsonera.com/abstract/9781118217290>

- Bruner R. F., K.M. Eades & M.J. Schill., (2014), "Case Studies in Finance", McGraw-Hill, International Edition.

Recommended Supplementary Reading

- Claude V & G Hawawini., (2019), "Finance For Executives, Managing for Value Creation", 6th edition, Cengage Learning
- Damodaran, A., (2015), "Applied Corporate Finance", John Wiley & Sons Inc.
- DePamphilis D., (2017), "Mergers, Acquisitions & Other Restructuring Activities", 9th Edition, Academic Press
- Lumby S. & C. Jones, (2019)., "Corporate Finance: Theory and Practice", 10th edition, Cengage Learning.