

MODULE DESCRIPTOR

MODULE TITLE	CORPORATE FINANCE		
MODULE CODE	AC3400 (L6)	CREDIT VALUE	20 CREDITS / 10 ECTS
SCHOOL	SCHOOL OF BUSINESS AND MANAGEMENT		

MODULE AIMS

To develop the knowledge and skills expected of a finance manager, in relation to investment, financing and dividend policy decisions.

MODULE CONTENT

Indicative syllabus content:

Introduction; corporate objectives and their relationship with corporate strategy. The relationship between managers, shareholders and other stakeholders together with their impact on corporate objectives. The economic environment for business and the nature and role of financial markets and institutions.

The nature of investment decisions and the appraisal process, non-discounted cash flow techniques, discounted cash flow techniques, allowing for inflation and taxation in DCF, adjusting for risk and uncertainty in investment appraisal and specific investment decisions (lease or buy; asset replacement, capital rationing)

The concept of risk, its computation and recognition of unsystematic and systematic elements, the Markowitz model of optimum portfolios, portfolio theory, the inclusion of a risk free investment and the Capital Asset Pricing Model..

Sources of, and raising short-term finance, sources of, and raising long term finance, internal sources of finance and dividend policy, gearing and capital structure considerations, finance for small and medium sized entities

The nature, elements and importance of working capital, management of inventories, accounts receivable, accounts payable and cash, determining working capital needs and funding strategies

Sources of finance and their relative costs, estimating the cost of equity, estimating the cost of debt and other capital instruments, estimating the overall cost of capital, capital structure theories and practical considerations, the impact of the cost of capital on investments

Nature and purpose of the valuation of business and financial assets, models for the valuation of shares, the valuation of debt and other financial assets, the efficient market hypothesis and practical considerations of the valuation of shares

The nature and types of risk and approaches to risk management, causes of exchange rate differences and interest rate fluctuations, hedging techniques for foreign currency risk

INTENDED LEARNING OUTCOMES

On successful completion of this module a student will be able to:	
1.	Critically discuss the role and purpose of the financial management function including the impact of risk and the economic environment on financial management
2.	Critically evaluate and apply principles of business and asset valuations

3.	Critically analyse investment decisions using effective appraisal and risk management techniques
4.	Identify and compare alternative sources of business finance, including working capital management techniques
5.	Explain and calculate the cost of capital and the factors which affect it, including alternative sources of finance

TEACHING METHODS

The module is delivered by means of weekly lectures and seminars. Seminar questions usually deal with miniature case studies covering the subject matter of the previous lecture. In this way, students gain experience of the practical applications of the theory of corporate finance. Students are expected to prepare the case study prior to the seminar and to be prepared to participate in seminar discussions.

This strategy is designed to give the students proficiency in the technical and computational aspects which are fundamental to competence in this subject. The coursework element comprises an extended study and report based on an individual company which is designed to enable each student to work independently, whilst incorporating consideration of events in the UK stock market between September and the following February. These actions develop graduate attributes of planning and implementation, research skills, problem solving, awareness of events affecting financial markets, communication and reflection.

The assessment strategy – 30% exam and a 70% end of the year examination – is designed to allow students to gain proficiency in the fundamental technical and computational aspects of the subject. It is also designed to meet the Accountancy Professional Bodies exemption criteria as well as test the width and depth of a student's knowledge.

During this module students will develop and enhance the graduate attributes of numeracy, problem-solving and planning. This will aid employability with the accounting profession and careers in general business management.

Formative feedback on seminar and practice questions is provided to students on a weekly basis, with additional support available in the timetabled Technical Support Workshops.

ASSESSMENT METHODS

This module is assessed through a 30% and a 70% written examination.