<table>
<tr><td>Name of Course / Module</td><td colspan="5">Corporate Finance</td></tr>
<tr><td>Course Code</td><td colspan="5">MBA-P 706</td></tr>
<tr><td>ECTS</td><td colspan="5">6</td></tr>
<tr><td>Name of Academic Staff</td><td colspan="5"></td></tr>
<tr><td>Rationale for the inclusion of the course/module in the programme</td><td colspan="5">Corporate finance is an area of finance dealing with the financial decisions corporations make and the tools and analysis used to make these decisions. The primary goal of corporate finance is to maximize corporate value while managing the firm's financial risks. Although it is in principle different from managerial finance which studies the financial decisions of all firms, rather than corporations alone, the main concepts in the study of corporate finance are applicable to the financial problems of all kinds of firms.</td></tr>
<tr><td>Year / Semester Offered</td><td colspan="5">Year 1 Semester 2</td></tr>
<tr><td>Total Student Learning Time (SLT)</td><td colspan="3">Face to Face</td><td>Student Self-Learning</td><td>Total Guided and Independent Learning</td></tr>
<tr><td></td><td>Lecture = 42 hours</td><td>Tutorial</td><td>Practical</td><td>Others = 78 hours</td><td>120</td></tr>
<tr><td>Pre-requisites (if any)</td><td colspan="5">-</td></tr>
<tr><td>Objectives</td><td colspan="5">To:
• Forecast financial statements, using a firm's current financial data and assumptions about future choices made by the firm
• Understand and apply time value of money principles in a variety of contexts
• Understand and apply risk-return principles in a variety of contexts
• Evaluate capital budgeting techniques to identify potential investment opportunities that add value to the firm
• Create a capital budgeting spreadsheet model and evaluate the decision to invest
• Estimate the cost of capital for a firm
• Evaluate advantages and disadvantages of sources for a firm's new funding
• Determine the impact of capital structure on the cost of capital and value of the firm</td></tr>
<tr><td>Learning outcomes</td><td colspan="5">At the end of the course the student will have the ability to:
• Understand financial markets and the financial system and their role in the economy
• Appreciate the role of financial managers and the concept of value
• Apply techniques for effective investment decision making
• Understand risk and portfolio theory
• Appreciate issues in raising long and short term finance
• Assessing and determining Working capital requirements
• Implement dividend policies for the organization
• Understand mergers and acquisitions
• Appreciate foreign exchange mechanism and risk</td></tr>
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<tr><td rowspan="2">Transferable Skills:
Skills and how they are developed and assessed, Project and practical experience and Internship</td><td>Information Technology and Information Skills</td><td>Employability</td><td>Study Skills</td><td>Problem Solving</td><td>Communication</td><td>Working with Others</td></tr>
<tr><td>Can monitor, assess and critically reflect on the use of IT and information skills and identify ways of further developing these skills</td><td>Can assess the effectiveness of the skills development and identify further ways of developing skills required by employers</td><td>Is autonomous in study and the use of resources for learning. Makes professional use of others in support of self-directed learning.</td><td>Is confident and autonomous in problem solving. Can isolate, clarify, assess and manage resolution of most relevant problems.</td><td>Can engage confidently in academic and professional communication with others within her/his field.</td><td>Can clarify a group task and lead, work with or work within a group towards defined outcomes, making appropriate use of the capacities of the group members. Is able to negotiate and handle conflict with confidence</td></tr>
<tr><td>Teaching-learning and assessment strategy</td><td colspan="6">Traditional teaching methods are mostly fit for courses like this which require a high degree of theoretical knowledge although student participation through questions, opinions and constructive discussions is extremely valuable for an in-depth understanding of the course material.
Written projects, in-class presentations and a wide range of exercises, are adopted as one of the best ways to acquire a better knowledge and understanding of the course material.</td></tr>
<tr><td>Synopsis</td><td colspan="6">Students will gain a thorough overview of the rules and regulations surrounding mainstream corporate finance activities, highlighting those areas likely to cause serious problems if overlooked.

The course will enable executive and non-executive of public companies and non-specialist practitioners to achieve a workable understanding of the legislation, rule books, conventions and practices surrounding corporate finance transactions – with emphasis on the practical issues involved in concluding a deal within the regulatory framework.

A knowledge of personal responsibilities and potential liabilities should ensure that the specialist advice available to directors and their advisers during the course of a transaction is used to best advantage.</td></tr>
<tr><td>Mode of Delivery</td><td colspan="6">Lectures</td></tr>
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Assessment Methods and Types	Assignment :: 50% Case study Exam : 50%		
Mapping of the course/module to the Programme Aims	Key Skill	Developed and Assessed in Modules	Location and Description of Key Skill Assessment Opportunity (Formative and Summative)
	Information Technology and Information Skills	All taught modules MBA Themes	Both MBA themes culminate in the production and delivery of a group presentation. Student IT and information skills will be developed and assessed via theme based activities.
	Employability	All taught modules MBA Themes	Throughout the taught programme there is a constant emphasis upon acquiring and developing skills for employment
	Study Skills	All taught modules MBA Themes Project	Acquired and developed during the management of knowledge programme and research techniques module. Prerequisite to a taught modules The MBA themes also promote problem solving.
	Problem Solving	All taught modules MBA Themes	All modules involve problem solving in business All modules include case studies/workshops to develop problem solving skills (isolate, clarify, assess and manage resolution of business problems) The MBA themes also promote problem solving.
	Communication	All taught modules MBA Themes	Discussions with class/group members using case studies and current business issues are part of taught element of each module Each taught module requires the production of an assessed report worth up to 50% of module mark. Its assessment includes effectiveness of written communication. During the taught programme students will deliver several verbal presentations – at least two of which will be assessed. Each theme concludes with student groups delivering a verbal presentation to panel of assessors.

	Working with Others	All taught modules MBA Themes	Group work is part of the taught element of each module. A constant in theme delivery is student group work. Students are expected to work in groups throughout the taught stage and especially during the theme residential event.

Mapping of the course/module to the Programme Learning Outcomes	Information Technology and Information Skills	Employability	Study Skills	Problem Solving	Communication	Working with Others
	Can monitor, assess and critically reflect on the use of IT and information skills and identify ways of further developing these skills	Can assess the effectiveness of the skills development and identify further ways of developing skills required by employers	Is autonomous in study and the use of resources for learning. Makes professional use of others in support of self-directed learning.	Is confident and autonomous in problem solving. Can isolate, clarify, assess and manage resolution of most relevant problems.	Can engage confidently in academic and professional communication with others within her/his field.	Can clarify a group task and lead, work with or work within a group towards defined outcomes, making appropriate use of the capacities of the group members. Is able to negotiate and handle conflict with confidence

Content outline of the course/module and the SLT per topic		
Week	Topic	Lectures

1	The Financial World • The objective of the firm • Ownership and control • Primitive and modern economies • The role of the financial manager • The flow of funds and financial intermediation • Growth in the financial services sector • The financial system The Investment Decision • Value creation and corporate investment • Net present value and internal rate of return • Modified internal rate of return Project Appraisal: Cash Flow and Applications • Quality of information • Are profit calculations useful for estimating project viability? • The replacement decision • Replacement cycles • When to introduce a new machine • Drawbacks of the annual equivalent annuity method • Timing of projects • The make or buy decision • Fluctuating output	6
2	The Decision- Making Process for Investment Appraisal • Evidence on the employment of appraisal techniques • Payback • Accounting rate of return • Internal rate of return: reasons for continued popularity • The ‘science' and the ‘art' of investment appraisal • The investment proces Project Appraisal: Capital Rationing, Taxation and Inflation • Capital rationing • Taxation and investment appraisal • Inflation Risk and Project Appraisal • What is risk? • Adjusting for risk through the discount rate • Sensitivity analysis • Scenario analysis • Probability analysis • The risk of insolvency • Problems of using probability analysis • Evidence of risk analysis in practice	6

3	Portfolio Theory • Holding period returns • Expected returns and standard deviation for shares • Combinations of investments • Portfolio expected returns and standard deviation • Dominance and the efficient frontier • Indifference curves • Choosing the optimal portfolio • The boundaries of diversification • Extension to a large number of securities • Evidence on the benefits of diversification • The capital market line • A practical application of portfolio theory • Problems with portfolio theory The Capital Asset Pricing Model and Multi Factor Models • A short history of shares, bonds and bills • The capital asset pricing model • Factor models • The arbitrage pricing theory • The three-factor model • An alternative approach to the risk-return relationship • Project appraisal and systematic risk • Sceptic's views-Alternative perspectives of risk	6

4	Stock Markets • Stock exchanges around the world • Globalisation of financial flows • The importance of a well-run stock exchange • The London Stock Exchange • The UK equity markets available to companies • Tasks for stock exchanges • Trading systems • The ownership of UK quoted shares • Regulation • Understanding the figures in the financial pages • Taxation and corporate finance Raising Equity Capital • What is equity capital? • Preference shares • Some unusual types of shares • Floating on the Official List • Methods of issue • Timetable for a new offer • How does an AIM flotation differ from one on the Official List? • The costs of new issues • Rights issues • Other equity issues • Scrip issues • Warrants • Equity finance for unquoted firms	6

5	Long-Term Debt Finance • Some fundamental features of debt finance • Bonds • Bank borrowing • Syndicated loans • Credit rating • Mezzanine debt and high-yield (junk) bonds • Convertible bonds • Valuing bonds • International sources of debt finance • Project finance • Sale and leaseback • Securitisation • The term structure of interest rates Short-Term and Medium-Term Finance • Bank sources • Trade credit • Trade debtor management • Factoring • Hire purchase • Leasing • Bills of exchange • Acceptance credits (or bank bills or banker's acceptance Treasury and Working Capital Management • Risk management • Working capital management • Investment of temporary surplus funds Stock Market Efficiency • What is meant by efficiency? • Random walks • The three levels of efficiency • Weak-form tests • Semi-strong form tests • Strong-form tests • Behavioural finance • Misconception about the efficient market hypothesis • Implications of the EMH for investors • Implications of the EMH for companies	6

6	Value-Based Management • Value creation and value destruction • Earnings-based management • How a business creates value • Measuring value creation: External metrics Managing a Value-Based Company and The Cost of Capital • An overview of the application of the value principles • Measuring value creation: internal metrics • The cost of capital • Empirical evidence of corporate practice • Implementation issues • Fundamental beta • Some thoughts on the costs of capital Valuing Shares • Valuation using net asset value (NAV) • Valuation using income-flow methods • The dividend valuation models • Price-earnings ratio (PER) model • Valuation using cash flow • Valuation using owners earnings • Valuing unquoted shares • Unusual companies • Managerial control and valuation Capital Structure • What do we mean by 'gearing'? • The effect of gearing • The value of the firm and the cost of capital • Does the cost of capital (WACC) decrease with higher debt levels? • Modigliani and Miller's argument in a world with no taxes • The capital structure decision in a world with tax • Additional considerations • Some further thoughts on debt finance	6

<table>
<tr><td>7</td><td>Dividend Policy
• Defining the problem
• Modigliani and Miller's dividend irrelevancy proposition
• Dividends as a residual
• Clientele effects
• Taxation
• Dividends as conveyors of information
• Resolution of uncertainty
• Owner control (agency theory)
• Scrip dividends
• Share buy-backs and special dividends
• A round-up of the arguments

Mergers
• The merger decision
• Definitions and semantics
• Merger statistics
• Merger motives
• Financing mergers
• The merger process
• The impact of mergers
• Managing mergers

Managing Risk
• A long history
• Options
• Forwards
• Futures
• Forward rate agreements (FRAs)
• Caps
• Swaps
• Derivatives users

Managing Exchange-Rate Risk
• The effects of exchange-rate changes
• Volatility in foreign exchange
• The foreign exchange markets
• Exchange rates
• Types of foreign exchange risk
• Transaction risk hedging strategies
• Managing translation risk
• M((201anaging economic risk
• Exchange rate determination</td><td>6</td></tr>
<tr><td></td><td>Total</td><td>42</td></tr>
<tr><td></td><td>ECTS</td><td>6</td></tr>
<tr><td>Main references</td><td colspan="2">1. Richard A. Brealey, Stewart C. Myers & Franklin Allen (2019). Corporate Finance (13th Ed). USA : McGraw-Hill Irwin.</td></tr>
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supporting the course	
Additional references supporting the course	Glen Arnold. Corporate Financial Management. 5th ed.. Prentice Hall, 2012.