

H7CF: Corporate Finance

Module Code:	H7CF
Long Title	Corporate Finance APPROVED
Title	Corporate Finance
Module Level:	LEVEL 7
EQF Level:	6
EHEA Level:	First Cycle
Credits:	10
Module Coordinator:	COLIN WHITSTON
Module Author:	JOE NAUGHTON
Departments:	School of Business
Specifications of the qualifications and experience required of staff	
Learning Outcomes	
<i>On successful completion of this module the learner will be able to:</i>	
#	Learning Outcome Description
LO1	Demonstrate an ability to apply a variety of investment appraisal techniques including Net Present Value (NPV), Internal Rate of Return (IRR), Simple Payback and an appreciation of the practical considerations inherent in the capital investment decision.
LO2	Evaluate the importance of cashflow to a business and identify and measure the causes and consequences of changes in working capital and remedies for any shortfalls in same.
LO3	Use ratio analysis to identify any issues in the financial and economic position of the business relevant to investors or potential investors.
LO4	Evaluate different types of securities for short-, medium- and long-term financing and use appropriate models to evaluate the valuation and risk characteristics of bond and equity securities.
LO5	Critically assess the capital structure of a firm, demonstrating an understanding of the concept of an optimal capital structure and appreciate the considerations of a firm's management in making dividend decisions.
LO6	Evaluate the reasons for valuing a company and the factors influencing the value. Apply the various methods to calculate the value of a company using different methods such as assets method, earnings method, dividend yield, ARR, CAPM.
LO7	Evaluate the relevant factors to consider in mergers and acquisitions.
Dependencies	
Module Recommendations	
No recommendations listed	
Co-requisite Modules	
No Co-requisite modules listed	
Entry requirements	Programme entry requirements

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Module Content & Assessment			
Indicative Content			
The Finance Function and Environment. (5%) Introduction to company objectives including the investing, financing and dividend decisions and the interactions of these decisions. Financial environment and human behaviour conflicts. Corporate governance and business finance and ethics. Introduction to finance mathematics.			
Capital Appraisal. (15%) An understanding of the time-value of money. Understand the context of investment appraisal decisions. Select appropriate investment methods and calculate investment returns for competing projects. Justify a course of action including consideration of relevant non-financial factors and financing options. Calculating discounted cash flows with considerations given to tax, working capital, relevant costs, sunk costs and inflation. Use of appraisal methods such as simple payback, discounted payback, Net Present Value (NPV) and Internal Rate of Return (IRR). Understand capital rationing and its impact on capital appraisals. Identification of risk and its inclusion in capital investment appraisals.			
Working Capital Management. (15%) Understand working capital techniques and demonstrate an ability to use them to advise in various situations. Demonstrate an awareness of the importance of cash and liquidity to the business. Describe working capital methodologies and an ability to assess working capital requirements for cash and trade receivable. Inventory management/control including calculation of Economic Order Quantity (EOQ) levels. Trade receivables management; good credit management principles; offering discounts; and invoice discounting and factoring. Trade payables management. Introduction to cash management and evaluation of appropriate actions to address short-term problems and opportunities. Preparation of cash budget.			
Interpretation of Financial Statements. (15%) Interpretation of financial statements including ratio analysis dealing with profitability, efficiency, short-term liquidity, Long-term liability (gearing) and investment. Make recommendations to corporate management from the interpretation and analysis of these ratios.			
Sources of Finance. (15%) Introduction to the financing decision, including: asset mix policies, factors influencing the finance decision, approaches to obtaining financing and the bank lending decision. Describe the characteristics of alternative bank finance for short-, medium- and long-term finance. Determine the financial requirements using appropriate techniques			
Capital Structure. (20%) Introduction to cost of capital. Select and be able to justify an appropriate discount rate. Calculate the cost of debt and market value of debt. Calculate the cost of equity and market value of equity. Understanding of the weighted average cost of capital (WACC). Calculation of WACC. The assumptions and limitations of WACC. The concept of the Portfolio Theory. The Capital Asset Pricing Model (CAPM) as an alternative method of calculating the cost of Equity. The use of retained earnings and other internal sources of finance. Capital structure theories such as relevancy and Modigliani and Miller. The concept of Efficient market hypothesis (EMH).			
Company Valuation. (10%) The reasons for valuing a company. The practical and general issues that will influence company value. The methods of valuing a company. Understanding and use of assets-based approaches. Understanding and use of earnings/cashflow-based approaches. Understanding and use of market multiple-based approaches.			
Mergers and Acquisitions. (5%) Explain merger and acquisition finance options. Identify due diligence issues. How a takeover may take place. Defence tactics. Distinguish between minority and controlling interests. The process of post-acquisition assimilation. Consider the ethical perspective.			
Assessment Breakdown			%
Coursework			40.00%
End of Module Assessment			60.00%
Assessments			
Full Time			
Coursework			
Assessment Type:	Continuous Assessment	% of total:	40
Assessment Date:	n/a	Outcome addressed:	1,2,3,4
Non-Marked:	No		
Assessment Description: Candidates are required to complete 2 in-class examinations.			
End of Module Assessment			
Assessment Type:	Terminal Exam	% of total:	60
Assessment Date:	End-of-Semester	Outcome addressed:	2,3,5,6,7
Non-Marked:	No		
Assessment Description: Final Examination.			
No Workplace Assessment			
Reassessment Requirement			
Repeat examination <i>Reassessment of this module will consist of a repeat examination. It is possible that there will also be a requirement to be reassessed in a coursework element.</i>			
Reassessment Description Candidates will attempt the repeat assessment for the module, if they do not successfully pass the module. Learners are required to attempt all assessments attaching to a module. For those modules where all learning outcomes are assessable with a final examination, the student does not have to re-sit failed individual CA components.			

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Module Workload				
Module Target Workload Hours 0 Hours				
Workload: Full Time				
Workload Type	Workload Description	Hours	Frequency	Average Weekly Learner Workload
Lecture	Classroom and demonstrations	2	Every Week	2.00
Lecturer Supervised Learning	Mentoring and small-group tutoring	1	Every Week	1.00
Directed Learning	Directed e-learning	3	Every Week	3.00
Independent Learning	Independent learning	8	Every Week	8.00
Total Weekly Contact Hours				6.00

Module Resources	
<i>Recommended Book Resources</i>	
<p>Brealey, R.A., Myers, S.C. & Allen, F.. (2014), Principles of Corporate Finance, 11th. McGraw Hill, New York.</p> <p>Ward, A.M.. (2014), Finance: Theory and Practice, 3rd. Institute of Chartered Accountants in Ireland.</p>	
<i>Supplementary Book Resources</i>	
<p>McLaney. (2017), Business finance : theory and practice, 11th edition. Pearson.</p> <p>Watson and Head. (2016), Corporate Finance : Principles and Practice, 7th edition. Pearson.</p>	
<i>This module does not have any article/paper resources</i>	
<i>This module does not have any other resources</i>	
Discussion Note:	