

Module 22: Corporate Finance

Stage				3			
Semester				2			
Module Title				Corporate Finance			
Module Number				22			
Module Status				Mandatory			
Module ECTS Credits				10			
Module NFQ level				8			
Pre-Requisite Module Titles				Finance and Wealth Management			
Co-Requisite Module Titles				No			
Capstone Module?				No			
List of Module Teaching Personnel				Michael O'Grady			
Contact Hours				Non-contact Hours			Total Effort (hours)
58				142			200
Lecture	Practical	Tutorial	Seminar	Assignment	Placement	Independent Work	
48		10		20		122	200
Allocation of Marks (Within the Module)							
	Continuous Assessment	Project	Practical	Final Examination			Total
Percentage Contribution	20%			80%			100%

Intended Module Learning Outcomes

On successful completion of this module, the learner will be able to:

1. Evaluate the role and purpose of the financial management function
2. Critically assess and discuss the impact of the economic environment on financial management
3. Apply appropriate working capital management techniques in particular situations
4. Evaluate complex investment appraisal situations
5. Identify and evaluate alternative sources of short, medium and long term finance
6. Discuss and apply principles of business and asset valuations
7. Analyse the key strategic financial issues to be considered in an acquisition or merger
8. Identify and evaluate the exposure of a company to financial risk and the techniques required to manage this risk

Module Objectives

This module further develops the principles of financial management outlined in the '*Finance and Wealth Management*' module and introduces other topics appropriate to the strategic aspects of finance. The purpose of this module is to provide learners with an understanding of how entities acquire resources, and allocate them among present and future activities and projects.

The learner develops the knowledge and skills expected of a finance manager, in relation to finding and allocating capital to increase the wealth of the firm's shareholders.

Concepts such as corporate objectives, capital investment appraisal, business risk, financial risk, weighted average cost of capital (WACC), working capital management techniques, the valuation of financial assets and risk management are studied.

Module Curriculum

Financial management function and environment

- elements of the finance decision and its contribution to the business objectives
- corporate governance and agency theory
- potential conflicts between management and shareholders
- ethical issues facing the finance manager
- nature and role of financial markets, institutions and money markets
- financial objectives in Not-For-Profit organisations

Working capital management

- the importance of cash and liquidity to the business
- working capital methodologies and working capital requirements for cash, receivables, payables and inventory
- medium and long term needs, strategies to address shortfalls

Advanced investment appraisal

- advanced capital investment decisions.
- inflation and taxation in investment appraisal process
- risk and uncertainty in investment appraisal including sensitivity analysis, use of a risk adjusted discount factor, simulation, probability analysis and scenario analysis.
- specific investment decisions (lease or buy decisions; asset replacement, single period capital rationing)

Business finance

- sources of short, medium and long term finance.
- methods of raising short and long term Islamic finance
- cost of capital (WACC) including the calculation of the cost of debt, cost of equity, market value of debt and the market value of equity.
- Modigliani and Millers capital structure theories with and without tax and their practical considerations

Business valuations

- rationale for mergers and acquisitions
- Methods of financing an acquisition including cash, debt and share for share exchanges.
- defence tactics against a hostile takeover.
- regulatory aspects of mergers and acquisitions.
- models for the valuation of companies (asset based models, income based models and cash flow based models).
- Efficient Market Hypothesis (EMH) and the practical considerations in the valuation of shares

Risk management

- nature, types of risk and approaches to risk management
- hedging techniques for foreign currency risk including:
 - currency of invoice
 - netting and matching
 - leading and lagging
 - forward exchange contracts
 - money market hedging
 - asset and liability management
- hedging techniques for interest rate risk including:
 - matching and smoothing
 - asset and liability management
 - forward rate agreements

Reading lists and other learning materials

Primary Reading List

O'Grady, M. *Financial Management*, Griffith College Dublin, College Publication

Recommended Reading List

Power, T., Walsh, S., & O'Meara, P. (2009) *Financial Management*. 3rd Edition, Gill and MacMillan.

Van Horne, J., Wachowicz, J.M. (2008) *Fundamentals of Financial Management*. 13th edition, Financial Times/ Prentice Hall

Ward, A. (2014) *Finance: Theory and Practice*. 3rd edition, Chartered Accountants Ireland.

Watson, D., Head, A. (2006) *Corporate Finance: Principles and Practice*. 4th edition, Financial Times/ Prentice Hall

Financial press and financial pages of daily papers: Irish Times, Irish Independent, Financial Times, Sunday Times, Sunday Business Post

Useful websites

www.ft.com - Financial Times

www.wsj.com - The Wall Street Journal Online

www.investmentinternational.com - Investment International

Module Learning Environment

A base classroom is used for teaching purposes for the delivery of the module. Learners are also supported with resources to offer structure and guidance. This includes a set of lecture notes and reading materials as well as a detailed module curriculum which includes the module learning outcomes, a class schedule, the necessary reading material and the assignment strategy. Learners also have access to Moodle, the College's Virtual Learning Environment (VLE).

Module Teaching and Learning Strategy

The module is delivered by means of formal and participative lectures supported by the use of case studies, reflecting the importance of finance in practical situations. Tutorials are also used to discuss financial management topics in greater depth and past examination papers with suggested solutions are introduced. Learners are expected to undertake significant reading and preparation before classes.

Module Assessment Strategy

A detailed assignment accounting for 20% of the total marks is set mid-way through the semester. Learners are provided with a detailed case study and required to perform analyses covering a number of financial aspects. Learners are also required to submit a detailed report, summarising their findings together with other broader factors which should be considered.

Expectations regarding the assignment are provided in the assignment brief contained in the programme handbook and are also discussed in class. Results and feedback are provided to learners prior to the end of semester. The final exam accounts for 80% of the total marks.

Constructive Alignment of Assessment

Module Learning Outcomes	Assessment Strategy	
	Assignment	Exam
Evaluate the role and purpose of the financial management function		Yes
Critically assess and discuss the impact of the economic environment on financial management		Yes
Apply appropriate working capital management techniques in particular situations	Yes	Yes
Evaluate complex investment appraisal situations	Yes	Yes
Identify and evaluate alternative sources of short, medium and long term finance		Yes
Discuss and apply principles of business and asset valuations		Yes
Analyse the key strategic financial issues to be considered in an acquisition or merger		Yes
Identify and evaluate the exposure of a company to financial risk and the techniques required to manage this risk.	Yes	Yes