



UNIVERSITY OF WALES: TRINITY SAINT DAVID
PRIFYSGOL CYMRU: Y DRINDOD DEWI SANT

School of Business

London Campus

Corporate Finance
LCMB7005

MODULE CODE:	LCMB7005
TITLE:	Corporate Finance
DATED:	23/06/2020
LEVEL:	7
CREDITS:	20
JACS CODE:	N340

AIM(S)

To provide students with an in-depth study of corporate finance techniques and processes which enable management to evaluate and make strategic decisions in the context of competitive international environment.

LEARNING OUTCOMES

Upon the successful completion of this module, the student should be able to demonstrate the ability to:

- understand the key themes that underpin modern corporate finance and their relevance to business capital structure and corporate governance;
- develop a critical understanding of the financing decisions of organisations in modern economies.

INDICATIVE CONTENT

The role of corporate finance within organisations.

The key issues for managers, shareholders and other stakeholders and the potential conflict of interest between these parties.

The processes involved in and basic principles of capital budgeting and investment decisions.

Identifying the cash flows associated with an investment project and evaluating investments using the net present value (NPV) method in order to understand investment decision making criteria.

The equilibrium relationship between risk and return; the use of the Capital Asset Pricing Model (CAPM) and Arbitrage Pricing Theory (APT) in order to determine the cost of capital for risky projects.

The efficiency of capital markets and the implications of efficiency of financial markets for long-term corporate financing decisions.

The effect of dividend policy on share values, including the Modigliani and Miller model. The role of asymmetric information and the signalling hypothesis. Dividends and the conflict of interest between managers and shareholders.

Financing and sources of finance. Common stock, corporate long term debt and preferred stock as sources of finance and patterns of financing.

The debt-equity irrelevance theorem. The weighted average cost of capital, the cost of equity, corporate and personal taxes and bankruptcy costs, including the Modigliani–Miller model.

The assumptions of the Modigliani–Miller irrelevance proposition. The impact of information asymmetry on the financing decisions of firms. The agency costs of equity and debt and their implications for an organisation's capital structure.

The effect of bankruptcy on capital structure choices and the impact of bankruptcy on employees and suppliers. The conflicts of interest between shareholders and debt holders.

The theoretical and empirical rationale for mergers and issues of corporate control. Takeovers and the sources of gain from mergers. Leveraged buyouts and management buyouts and the changes in corporate governance and takeover waves.

LEARNING AND TEACHING STRATEGY

The study time for the module is divided as follows:

Activity type	Hours	Percentage
Scheduled learning	40	20
Independent learning	160	80
Placement learning		
TOTAL	200	100%

ASSESSMENT

Assessment Component 1 - Coursework

Mode of assessment	Volume	Weighting
Individual report	One 5000 words	100%

Assessment Summary

Activity type	Percentage
Written exam	
Coursework	100%
Practical	
TOTAL	100%

READING LIST

Corporate Finance (LCMB7005)

[Go to list](#)

Essential reading

[Go to section](#)

Fabozzi, F.J. (2014) *Foundations of financial markets and institutions* . Pearson new international edition, Fourth edition. Franco Modigliani & Frank Joseph Jones (eds.). Essex, England :, Pearson.

[Go to item](#)

Arnold, G. (2013a) *Corporate financial management* . Fifth edition. Harlow, England :, Pearson.

[Go to item](#)

Further reading

[Go to section](#)

Alexander Yap (ed.) (2012) *Information systems for global financial markets [electronic resource] : emerging developments and effects* . Hershey, Pa. :, Business Science Reference.

[Go to item](#)

Ritter, L.S. (2014) *Principles of money, banking & financial markets* . Twelfth edition. William L. Silber & Gregory F. Udell (eds.). Essex, England :, Pearson.

[Go to item](#)

Ziolo, M. (2020) *Social, economic, and environmental impacts between sustainable financial systems and financial markets* . Hershey, Pennsylvania :, IGI Global.

[Go to item](#)

Martin Diehl (ed.) (2016) *Analyzing the economics of financial market infrastructures* . Hershey :, Business Science Reference.

[Go to item](#)

Cuthbertson, K. (2008) *Investments* . 2nd ed. Chichester, [England] :, John Wiley & Sons Ltd.

[Go to item](#)

Barrow, C. (2011) *Practical financial management [electronic resource]* . 8th ed. London :, Kogan Page.

[Go to item](#)

Atrill, P. (2012) *Financial management for decision makers [electronic resource]* . 6th ed. Harlow :, Financial Times Prentice Hall.

[Go to item](#)

Bekaert, G.J. (2013) *International financial management* . 2nd ed., international ed. Robert J Hodrick (ed.). Harlow : \$b Pearson, \$c 2013., Harlow : \$b Pearson, \$c 2013.

[Go to item](#)

Titman, S.J. (2014) *Financial management : principles and applications* . Twelfth edition, Pearson new international edition. Arthur J. Keown & John D. Martin (eds.). Harlow, United Kingdom :, Pearson.

[Go to item](#)

Arnold, G. (2013b) *Essentials of corporate financial management* . Second edition. Harlow, England :, Pearson.

[Go to item](#)

Álvarez García, B. (2020) *Emerging tools and strategies for financial management* . José-Pablo Abeal-Vázquez (ed.). Hershey, Pennsylvania :, IGI Global.

[Go to item](#)

Laws, J. (2018) *Essentials of financial management / [electronic resource]*. Liverpool :, Liverpool University Press.

[Go to item](#)