

**COURSE SPECIFICATION DOCUMENT**

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| <b>Academic School / Department:</b> | Business and Economics                               |
| <b>Programme:</b>                    | BA Business Administration: Finance                  |
| <b>FHEQ Level:</b>                   | 5  |
| <b>Course Title:</b>                 | Corporate Finance                                    |
| <b>Course Code:</b>                  | FNN 5200   |
| <b>Course Leader:</b>                | Ivan K. Cohen  |
| <b>Student Engagement Hours:</b>     | 120 (standard 3- credit BA course)                   |
| Lectures:                            | 30   |
| Seminar / Tutorials:                 | 15   |
| Independent / Guided Learning:       | 75   |
| <b>Semester:</b>                     | Fall, Spring   |
| <b>Credits:</b>                      | 12 UK CATS credits<br>6 ECTS credits<br>3 US credits |

**Course Description**

This course examines the financial needs of corporations and the range of mechanisms available to meet them. A review of basic financial statement analysis leads into consideration of working capital management. The key concept of the time value of money is applied to bond and equity valuation as well as capital budgeting. The basic Capital Asset Pricing Model is examined, as a key component of WACC calculation. Varying corporate financial requirements are considered including comparison of internal and external sources of funds, their relative availability, and costs. Final topics include capital structure and dividend policy, and ideas of Modigliani and Miller.

**Prerequisites:**

ACC 4200 and ACC 4205 and MGT 4205

**Aims and Objectives:**

This course examines the financial needs of corporations and the range of mechanisms to meet them. The concept of time value of money is extended to financial investment valuation and capital budgeting. Other basic theories of finance

are introduced, including CAPM. Further concepts include short- and long-term financial management, optimal capital structure, and risk versus return.

**Programme Outcomes:**

Business Management:

A1–A7

B1–B5

C1, C2

D1–D5

Accounting and Finance:

A1-A5

B1, B2

C1,

D1, D2

A detailed list of the programme outcomes are found in the Programme Specification.

This is located at the archive maintained by the Academic Registry and found at:

<http://www.richmond.ac.uk/programme-and-course-specifications/>

**Learning Outcomes:**

By the end of this course, successful students should be able to:

- Critically analyse the role of corporate finance in key decisions relating to: investment and resource allocation, financing and capital structure, and dividend policy.
- Evaluate the importance of key ideas and relationships in corporate finance: risk versus return, time value of money, and valuation.
- Critically analyse corporate financial statements and evaluate company performance.
- Appreciate the development of an ethical and strategic perspective in Corporate Finance.

**Indicative Content:**

- Accounting and financial statement analysis
- Working capital management
- The Time Value of Money
- Internal versus external funding: debt and equity
- Valuation techniques: debt and equity
- The Capital Asset Pricing Model (CAPM)
- Capital budgeting
- The cost of capital (WACC)
- Capital structure
- Dividend policy

- Modigliani and Miller

**Assessment:**

This course conforms to the Richmond University Professional Accounting Assessment Norms approved at Academic Board (formerly Learning & Teaching Policy Committee and located at: <http://www.richmond.ac.uk/admitted-students/>

**Teaching Methodology:**

This course will usually be taught on a twice-weekly basis. The course depends heavily on student-led reading and use of Excel for completing the regular and frequent exercises.

**Bibliography:**

See syllabus for complete reading list

***Indicative Text(s):***

Block and Hirt (2010) *The Fundamentals of Financial Management*, 14<sup>th</sup> edition. McGraw-Hill.

Boakes, Kevin (2009) *Reading and Understanding the Financial Times*, second edition. FT/Prentice Hall

Brealey, Richard A., Stewart C. Myers and Franklin Allen (2010) *Principles of Corporate Finance*, international edition. McGraw-Hill Irwin

Ivan K. Cohen (2005) *Focus on Financial Management*. Imperial College Press

Hillier, David, Stephen Ross, Randolph Westerfield, Jeffrey Jaffe and Bradford Jordan (2012) *Corporate Finance: European Second Edition*. McGraw-Hill

***Journals***

*The Financial Times*

*The Economist*

*The Wall Street Journal*

*Business Week*

*European Journal of Finance & Accounting.*

*Journal of Corporate Finance.*

*Journal of Applied Corporate Finance*

*Quarterly Journal of Finance and Accounting.*

*The Journal of Finance*

***Web Sites***

[www.ft.com](http://www.ft.com)

[www.economist.com](http://www.economist.com)

[www.wsj.com](http://www.wsj.com)

[www.cfainstitute.org](http://www.cfainstitute.org)

[www.imanet.cfm](http://www.imanet.cfm)

[www.sec.gov](http://www.sec.gov) (EDGAR database)

Google Finance ([www.google.co.uk/finance?tab=we](http://www.google.co.uk/finance?tab=we))

CNBC ([www.cnbc.com](http://www.cnbc.com))

Global Financial Data ([www.globalfinancialdata.com/index.html](http://www.globalfinancialdata.com/index.html))

Social Science Information Gateway ([www.sosig.ac.uk/economics](http://www.sosig.ac.uk/economics))

**Change Log for this CSD:**

| Nature of Change   | Date Approved & Approval Body (School or AB)  | Change Actioned by Academic Registry |
|--|---|--------------------------------------|
| Major  | Content change due to condition for validation ACC&FNN, overlap with FNN 5205, FNN 6200 | 25th March 2015                      |
| Assessment Norms are changed to Professional Accounting Assessment Norms | School: By Chair's Action September 2015  |                                      |
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