



**London
South Bank
University**

EST 1892

Module Guide

Corporate Finance and Risk
Management

BAF-6-CFR

School of Business

Division of Accounting, Finance &
Economics

2016 - 2017

Level 6

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1. MODULE DETAILS

Module Title:	Corporate Finance & Risk Management
Module Level:	6
Module Reference Number:	BAF-6-CFR
Credit Value:	20 Credits
Student Study Hours:	200
Contact Hours:	52
Private Study Hours:	148
Pre-requisite Learning (If applicable):	Fundamentals of Finance Managerial Finance
Co-requisite Modules (If applicable):	None
Course(s):	BA Honours Accounting & Finance
Year and Semester	Year 3 & Semester 2
Module Coordinator:	Dr Jennie Tanner
MC Contact Details (Tel, Email, Room)	020 7815 6987 tannerj@lsbu.ac.uk LR 348A
Teaching Team & Contact Details (If applicable):	
Subject Area:	Accounting, Finance & Economics
Summary of Assessment Method:	60% Individual Coursework 40% 2-hour unseen written examination
External Examiner appointed for Module:	

2. SHORT DESCRIPTION

This is an advanced module which covers the theories and applications of corporate and international financial management techniques from a strategic perspective. It deals with the planning and implementation of financial strategies relating to the acquisition and management of resources for creation of corporate value, and its translation into value for shareholders and other stakeholders. Since financial value is a function of both return and risk, the optimal management of risk is a core part of the module. Ethical considerations will be woven into the fabric of the module.

3. AIMS OF THE MODULE

The module aims to build on already existing knowledge of the fundamental theory and practice of finance, and provide students with the more advanced technical expertise required to apply these in the context of strategic financial decision making and risk management from the perspective of senior financial executives or consultants. It will also be useful for students seeking a firm grounding in advanced corporate and international finance as a basis for further study or research in the subject area.

4. LEARNING OUTCOMES

Knowledge and Understanding:

On completion of this module students should be able to:

- Demonstrate a deep conceptual understanding of the interplay of investment and financing decisions and its impact on risk, return and financial value.
- Critically evaluate different financial models and techniques, and selectively apply them in the analysis and evaluation of strategic financial decisions in the corporate sector.
- Articulate an understanding of the structure and operations of international financial markets, and the nature and features of the instruments that are traded in them.
- Evaluate different strategies, techniques and instruments for the management of financial risk.

Intellectual Skills:

On completion of the module students should be able to articulate a deep conceptual understanding of various financial strategies, decision-making methods, and risk management techniques. Understand the theoretical foundation for these strategies, methods and techniques, appreciate their relative merits and limitations in different situations, as well as the subtleties in applying them and interpreting their results.

Practical Skills:

On completion of the module students should be able to demonstrate a range of analytical and problem-solving skills through the judicious application of advanced financial techniques for making optimal strategic management decisions

Transferable Skills:

On completion of the module students should be able to read and assimilate detailed and complex written information, extract and sort relevant information in a way that is appropriate for ethical decision-making, as well as apply numerical and spreadsheet skills to manipulate and analyse the information for strategic decision-making. Students should be able to write comprehensive evaluative reports on their findings. Students will be expected to enhance and expand their research skills along with their knowledge of current literature as related to the theory and practice of advanced financial management.

5. ASSESSMENT OF THE MODULE

- I. An individual piece of coursework, expected to be about 3,000 words, to count for 60% of the marks for the module. This will be a very substantial piece of work that will explore one or more topics of the syllabus in greater depth. It will focus on the application of theory to practice, and will require the collection and analysis of real data.
- II. A two-hour closed book examination to count for 40% of the marks for the module. The examination will place greater emphasis on the demonstration of basic technical and numerical skills, and conceptual understanding of the principles of finance.

The minimum mark for each element of assessment is 30% and the overall pass mark for the module is 40%.

6. FEEDBACK

The submission date for the coursework assignment is 12th May 2017. Individual feedback will be provided within 15 working days of this date.

7. INTRODUCTION TO STUDYING THE MODULE

7.1 Overview of the Main Content

- Corporate financial strategy: Strategic business and financial planning - the management of stakeholder conflict and ethical issues in corporate governance and optimal corporate value creation.
- International treasury management: International trade and finance – multinational dividend policy and transfer policy - managing foreign exchange and interest rate risk through the use of financial derivatives.
- Advanced investment appraisal: Interaction of financing and investment decisions – adjusted present value – real options and the application of option pricing theory in investment decisions – international investment appraisal.
- Mergers and acquisitions: Merger motivation theory – evidence on value creation through M&A activity - valuing acquisitions - financing and payment for acquisitions – merger regulation – defence tactics.
- Corporate reconstruction: Corporate divestment strategies - financial reconstruction – business reorganisation.
- Current issues in corporate finance: Topical developments in corporate and international finance.

7.2 Overview of Types of Classes

The module will combine the use of lectures, seminars and student's personal studies. The lecture will cover the key practical and theoretical aspects of the particular topic, while the seminars will require students to work through exercises and practical case-study type scenarios where the concepts introduced in the lecture will be further probed and applied.

The seminars will be organised around questions and activities made available beforehand. Students will be expected to work on these in preparation for the weekly seminar and will be encouraged to participate actively in the problem-solving process.

In some weeks part of the contact time will be spent interacting with the Bloomberg terminals in LR 225.

All the materials for the module will be made available via the module's VLE site.

7.3 Importance of Student Self-Managed Learning Time

Student responsibility in the learning and development process will be emphasised. Students are required to undertake directed self-study and prepare solutions/discussions to questions relative to various topic areas. Students will be encouraged to identify for themselves particular problems of difficulty and to use seminar discussions, where appropriate, for the resolution of these.

Students must regularly access the Moodle site for this module. They should download the class/lecture material from the Moodle site, and do the recommended reading, before each lecture/class. Where appropriate, students are also expected to download the relevant seminar questions and study them in advance of each seminar, in order to derive maximum benefit from seminar time. The programme of teaching, learning and assessment gives guidance on the textbook reading required for each week, the purpose of which is to encourage further reading both on and around the topic.

7.4 Employability

A clear conceptual understanding of the theory and practice of advanced financial management will be invaluable for students aspiring for a career in corporate finance or risk management. Completion of this module will also provide students with a solid foundation for further professional studies in this subject area that could culminate in obtaining a valuable professional accountancy or treasury management qualification.

8. THE PROGRAMME OF TEACHING, LEARNING AND ASSESSMENT

The seminar questions relating to each lecture will be discussed in the week after the corresponding lecture.

WEEK	TOPIC	READING
1	Module overview; review of the FX market including parity relationships	Madura & Fox Ch 1,3, 4, 7 & 8
2	Managing FX risk using forwards, spot and money markets and currency futures as well as consideration of the different types of FX risk	Madura & Fox Ch 5, 10 -12
3	Options – Valuation using the Black-Scholes model and its application to hedging FX risk	Madura & Fox Ch 5
4	Use of international financial markets including euro markets, the international flow of funds and issues relating to international trade	Madura & Fox Ch 2,3, 15 & 17
5	Use and valuation of interest rate and currency swaps for the management of currency and interest rate risk	Madura Ch 15
6	Advanced investment appraisal including the application of options pricing theory	Titman et al Ch 11 - 14 Madura & Fox Ch 13 BPP Ch 5 & 6
7	Advanced investment appraisal including free cash flows and international investment	Titman et al Ch 11 - 14 Madura & Fox Ch 13 & 14 BPP Ch 7 & 8
8	Mergers and Acquisitions 1 - including motives and valuation	Madura & Fox Ch 13 BPP Ch 9 - 12
9	Mergers and Acquisition 2 - including financing and regulation	Madura & Fox Ch 13 BPP Ch 9 - 12
10	Corporate reconstruction and reorganisation	BPP Ch 13 & 14
11	Dividend policy and transfer pricing Recent developments in world financial markets and international trade	Madura & Fox Ch 13 BPP Ch 18 & 19
12	Revision for the examination	
13	Revision for the examination	

9. STUDENT EVALUATION

Towards the end of the Semester you will be invited to complete a standardised evaluation questionnaire relating to this module.

On an ongoing development basis, I welcome your feedback in terms of areas of improvement.

10. LEARNING RESOURCES

10.1 Core Materials

J. MADURA & R. FOX “**International Financial Management**” (Cengage Learning, 3rd Ed, 2014)

S. TITMAN, A. J. KEOWN & J. D. MARTIN “**Financial Management: Principles and Applications**” (Pearson, 12th Ed, 2013)

BPP Study Text “**Paper P4: Advanced Financial Management**” (BPP Learning Media, 2016)

10.2 Optional Materials

S. LUMBY & C. JONES “**Corporate Finance**” (Cengage Learning, 9th Ed, 2015)

J.C. HULL “**Options, Futures and other Derivatives**” (Pearson, 8th Ed, 2012)

J.C. HULL “**Fundamentals of Futures and Option Markets**” (Pearson, 8th Ed, 2013)

Financial Times

The Economist

Websites

LSBU Moodle – <https://vle.lsbu.ac.uk/login.php>

A Moodle site is maintained for this module. Copies of all module materials can be obtained at this site. Copies of seminar answers will be available at the site one week after the relevant seminar.

Library - <http://www1.lsbu.ac.uk/library>

www.cmegroup.com

www.euronext.com

www.ft.com

www.bloomberg.com

www.global-rates.com

www.tradingeconomics.com

www.fxstreet.com

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