



**London  
South Bank  
University**

# **module guide**

**Corporate Management and Finance**

**Module EBB-6-040**

**School of the Built Environment and Architecture**

## Table of Contents

	Aims of the Module
1.0	Short Description
	1.1 Setting the Scene
	1.2 General Outline of the Content
2.0	Aims of the Module
3.0	Learning Outcomes
	3.1 Knowledge and Understanding
	3.2 Intellectual skills
	3.3 Practical Skills
	3.4 Transferable Skills
4.0	Assessment of the Module
5.0	Introduction to studying the module
	5.1 Overview of the main content
	5.2 Overview of types of classes
	5.3 Tutor Directed Learning
	5.4 Importance of Student-self managed learning time
	5.5 Employability
	5.6 Personal Development Planning (PDP)
6.0	The Programme of Teaching, Learning and Assessment
	6.1 Lecture Series
7.0	Learning Resources
	7.1 Core Source Books
	7.2 Texts to amplify understanding
	7.3 Optional Material
8.0	Further information
	8.1 Moodle
	8.2 STUDENT REGULATIONS REGARDING COURSEWORK
	8.3 Student Module Evaluation
	8.4 EXTENSION OF TIME AND EXTENUATING CIRCUMSTANCES
9.0	
	Coursework Element 1 - Exercises
	Coursework Element 2 – Case Study Project

## 1.0 MODULE DETAILS

<b>Module Title:</b>	Corporate Management & Finance
<b>Module Level:</b>	Level 6
<b>Module Reference Number:</b>	EBB/6/040
<b>Credit Value:</b>	20 Cats Points
<b>Student Study Hours:</b>	200 hours
<b>Contact Hours:</b>	40hours
<b>Student Directed Learning:</b>	20 hours
<b>Private Study Hours:</b>	140 hours
<b>Pre-requisite Learning (If applicable):</b>	None
<b>Co-requisite Modules (If applicable):</b>	None
<b>Course(s):</b>	BSc (Hons) Construction Management BSc (Hons) Commercial Management
<b>Year and Semester</b>	2013-2014, Semester 2
<b>Module Coordinator:</b>	Dr Gu Guowei
<b>UC Contact Details (Tel, Email, Room)</b>	Tower Block T520 0207-815-7132 gug2@lsbu.ac.uk
<b>Teaching Team &amp; Contact Details (If applicable):</b>	Dr Timothy Eccles Tower Block T521 0207-815-7112 ecclest@lsbu.ac.uk
<b>Subject Area:</b>	Construction Property & Surveying 2008
<b>Summary of Assessment Method:</b>	Coursework

## 1.0 SHORT DESCRIPTION

The Module provides an introduction to Financial and Corporate Management by outlining the types of firm; their sources of finance; capital and investment decisions; return on investments; the requirement to keep accounts and to develop corporate strategy to match the firm's specific objectives.

The module includes comment on Corporate Reports, Corporate Governance, Public Audit and the increasing importance placed on business financial ethics.

The changing nature of business markets, the need to budget and to plan in uncertain environments, is an integral part of the module.

## 2.0 AIMS OF THE MODULE

- To give an insight into the role of Financial Management within firms.
- To introduce the responsibility of Directors for Corporate Governance.
- To introduce the concept of Investment, Risk and Return.
- To develop an understanding of accounting numbers.
- To analyse company performance by critical appraisal of financial information within the firm and between competitors.
- To introduce key concepts of Corporate Planning, Strategic Planning and Marketing.

## 3.0 LEARNING OUTCOMES

### 3.1 KNOWLEDGE AND UNDERSTANDING

On Completion of this module, the student will be able to:

- Understand financial information, the source and use of funds and their measurement. The formulation and control of business budgets and cash flow.
- The role of management and its' interface with Accountants.
- Use financial tools to evaluate investment opportunity and risk.
- Understand how corporate strategy and business plans are progressively developed and decisions taken.
- Understand the nature of business markets, the place of new initiatives related to achieving broad business objectives e.g. to link in work in other modules concerned with human resource and operations management; quality and value; benchmarking; partnering and various business joint ventures, alliances, franchises etc.

### 3.2 INTELLECTUAL SKILLS

This module will develop and test the skills of students in the following way:

- Assemble information and data from a variety of sources and discern and establish connections;
- Identify and critically analyse issues with reference to pertinent argument and evidence; (gathering and analysing complex real life data and information and communicating that information in a concise and reasoned written report).
- Evaluate current procedures and approaches, investigate routine and unfamiliar problems and apply professional judgement in order to devise solutions and/or recommend appropriate actions; (In the report, the students will need to develop their own understanding of real life issues, apply logic and method to produce a clear financial analysis and comment on the Corporate Objectives and Plan).

### 3.3 PRACTICAL SKILLS

- Interpret and use quantitative and qualitative data. (Using numerical skills to analyse data for both exercises and the report).

- Present quantitative and qualitative information; produce professional reports; proposals; professional documentation in accordance with published conventions. (Graphics in the report).
- Use generic and bespoke ICT software; related technologies; select and use appropriate computational methods to solve problems. (Use of Excel and Web resources).

### 3.4 TRANSFERABLE SKILLS

- Communicate effectively by oral, written and visual means in a form appropriate to the intended audience with appropriate referencing and acknowledgement of sources.
- Apply numerical skills at the appropriate level.
- Use information and communication technology (ICT) to locate and access opinion, information and data from a wide range of sources and communicate information to others (Use of Excel and Web resources).
- Work effectively as a team member.
- Manage time to dead lines
- Learn effectively and independently by Directed Learning.

## 4.0 ASSESSMENT OF THE MODULE

Assessment comprises two Elements of Assessment:

Elements                   A:     A computer based set of Questions based on the Lectures and Self Learning material.

                                  B:     ONE Group Business Case Study presentation

Weighting:                A:     50 % of module

                                  B:     50 % of module

Minimum Element Pass:                35%

Minimum module Pass:                 40%

The set questions will deepen the learning of the student by requiring them to complete exercises during the teaching program.

The Group Business Case Study is designed to provide each student with a learning assignment based on information from the world of business and to provide peer support during the learning process.

The Group Business Case Study Assignment is fully described in the Appendix at the back of this Module Guide.

## 5.0 INTRODUCTION TO STUDYING THE MODULE

### 5.1 OVERVIEW OF THE MAIN CONTENT

Lectures start with the broad development of a basic understanding of types of firm, the sources of funds and the nature of debt. This is supplemented by some discussion on the systems that underpin Corporate Governance but comment only on the importance of Ethics in financial undertakings. The subject develops to include the need to keep and use accounts for the purpose of financial management of any firm. This is followed by a consideration of market opportunity and of threats, in order to establish a basis upon which to consider the wider issues of Corporate and Strategic Planning.

#### **Financial Management**

The broad principles of the role of Directors for Corporate Governance and Accounting Standards will be discussed. For senior managers, Corporate Governance and Social Responsibility is of increasing significance in to-days business world

The concept of Risk and adequate Return should be considered together with the Time Value of Money. The principles of Present Value, Future Value and Rate of Return are considered in relation to simple investment decisions.

The various types of firm, their advantages and disadvantages are investigated together with their relevant sources of finance.

The basic derivation of interest rates, the simple Weighted Average Cost of Capital and the Tax Shield on Debt as it applies under the UK and American Taxation systems.

Understanding the origin of accounting numbers will be demonstrated through the basic principles of double entry book keeping and the development of a Profit and Loss Account, and a Balance Sheet, for a small firm.

Public Audited accounts (International requirement), will be considered, the Consolidated Income Statement (Profit Statement) and Balance Sheet together with

the Chairman and Directors Statements and the Cash Flow Statement will also be discussed.

Public Audited accounts will be used to develop Performance Ratios and a Comparative Ratio Analysis.

Accounting Standards applying to the important area of valuation and re-valuation of Assets, Stock, Work in Progress and subsequent effects on profit and taxation are considered. Some comment on creative accounting and the nature of accounting numbers may be included.

Cash flow, liquidity and insolvency will be implicit in the accounting aspects.

An outline of the Corporate taxation system applying in the UK or America may be discussed in a very general sense where it impacts on the teaching of the accounting system but local Sri-Lankan corporate and personal taxation systems are not included.

Annual Operating Budgets and the principle of variances will be introduced together with Direct and Indirect Costs in relation to Revenue and a Firms Break Even Point. A firm's monthly and annual Cash Flow forecast will also be developed from the budget.

The importance of financial markets and the comparative nature and valuation of securities e.g. Treasury Bills, Government Bonds, Corporate Bonds, hedging instruments, their importance to industry and government, may be broadly discussed as background to the financial markets but are not specifically part of the curriculum.

### **Corporate Management**

The conventional approach to Corporate Planning, including Key Competencies; Resources; Strategic Capability; SWOT analysis will be introduced to indicate a means to evaluate possible future Corporate Strategy.

Further strategic and managerial considerations such as Corporate Social Responsibility and Ethical Behaviour should be explored by the students to form a comprehensive background of business, and particularly international business expectations and requirements.

This introduction to Corporate Planning may then be expanded by reading texts in order to consider the nature of Construction Markets; the effect of cyclic changes and factors causing Boom and Recession. This aspect links to the parallel subject / module of Economics.

Alternative approaches to Corporate Planning may also be considered from the literature.

## 5.2 OVERVIEW OF TYPES OF CLASSES

There will be three principal sources of learning:

- Lecture / Tutorial contact time
- Tutor Directed Student Learning
- Student Self - Managed Learning

### **Lecture / Tutorial contact time**

This is by far the smallest number of hours scheduled in the Module and insufficient to cover the topics necessary, therefore it is essential that the other two sources are used to the full.

A series of informative lectures and tutorial exercises together with open discussion in seminar will provide the basis upon which the student will be expected to develop further knowledge and understanding by reading the suggested texts and working the self-managed exercises.

Because of the nature of the subject, the emphasis will be on teaching rather than formal lecture. A topic once introduced may give rise to a lecturer led exercise, a discussion seminar or student working tutorial according to the needs of the topic. Topic progression will seek to meet the needs of the curriculum and the relative progression of the class as a whole rather than apply a rigid fixed pattern.

Market awareness drives Directors and Partners thinking on Corporate Strategy. As the external business environment is continually changing, senior managers must continuously re-evaluate their future, to seek new or niche markets or just maintain their competitive edge. Because Corporate Strategy formulation is more perceptive than methodical it is essential that the future executive reads widely to develop a deeper understanding of causes and effects and their possible implications on business. The student should read formal texts on corporate management but the

regular reading of e.g. the UK Financial Times newspaper and / or the international financial press, or the business section in the local press, are also essentials.

### **5.3 Tutor Directed Student Learning**

Students will be specifically directed to read chapters in core books; to read notes provided on Blackboard; and to undertake the exercises provided as part of assessment. This is essential learning being part of the syllabus and assessment. The reading is part of Student-Self Managed Time. The set exercises are part of Tutor Directed Learning.

### **5.4 Importance of Student Self-Managed Learning Time**

Lectures and the Tutor Directed Student Learning will give the principles of syllabus topics, but you will be expected to consolidate and expand this process, by undertaking your own reading around the subject area, searching out examples, and hence expanding upon the topics.

The subject tends to be entirely new to most construction students and therefore they must take on new information and concepts quickly. This can only be done by study and reflection after the class and before the next class.

Many students are not particularly numerate and finance is about money, hence numbers are unavoidable. The student may therefore find it less frustrating to practice the tutorial questions and redo the class exercises to increase their numeric skill and understanding before attempting the coursework.

A considerable amount of information to support your learning is on the Blackboard site and this will be a core resource and must be consulted regularly.

### **5.5 Employability**

Whilst it can be argued that most students entering construction companies will not be expected by their employer to have an in-depth financial knowledge, nor indeed to be expected to contribute to corporate decisions, they will be expected to have a common sense understanding of financial concepts and to distinguish between a routine decision and a strategic decision; to understand why their company and clients do certain things and take certain views. They will be expected to take an interest in their employers business and will no doubt receive copies of the company

public literature including the accounts. They will be expected to act in ways which assist their employer's visual image and marketing effort. As their careers progress, they may be expected to have a deeper and broader understanding e.g. able to obtain and read a sub-contractors accounts before awarding a large sub-contract.

Where students aspire to become directors or partners in firms, or to become self-employed, a sound financial understanding is most important. Today, an increasing legislative environment requires Senior Managers, Directors and Partners to have a sound knowledge of matters supporting satisfactory Corporate Governance and good stewardship of the firm's resources.

Most of the financial skills taught are transferable from the business world to the private individual's world e.g. use of decision making tools can be applied to mortgage and pension fund decisions. Budgets and cash flow are equally applicable to the household budget. Reading accounts is expected of individuals who obtain and retain shares in their building society or their electric company. In the UK the Government expects people to self-assess their tax position and to self-assess for UK Family and Child Tax Credits.

Thus, the module supports the individual both at work and in their private life and provides the basis upon which the individual may become self-employed or take a major role at senior positions in a very wide range of firms both related and unrelated to construction. The module also lays a foundation whereby the student may undertake further learning towards accepting a role as a director and being accountable for Corporate Governance.

## **5.6 PERSONAL DEVELOPMENT PLANNING (PDP)**

Personal Development Planning (PDP) is a "structured and supported process undertaken by an individual to reflect upon their own learning, performance and / or achievement and to plan for their personal, educational and career development".

The aim of PDP is to help students to:

- Integrate their personal and academic development by monitoring and reviewing their own progress.
- Recognise their own strengths and weaknesses.
- Identify opportunities for developing skills thereby being better prepared to meet the requirements of the employer and the demands of Continuing Professional Development.

It is incumbent on the student to develop them-selves and to explore and learn beyond the set curriculum in order to obtain that edge of knowledge and experience which will make them an indispensable employee.

Personal Professional Development is a requirement of the Professional Institutions and should become a life long occupation. In this respect, hopefully this module will not only teach elements of Management but allow students to realise not so much what they have learnt but what they do not already know and how to develop themselves.

The core of the module when matched with the earlier module of Management of Organisation provides the basic set of management knowledge expected by employer's of a technically trained graduate.

## 6.0 THE PROGRAMME OF TEACHING, LEARNING AND ASSESSMENT

<b>Week 1: Introduction to the Module</b>	
<b>Investments Decisions</b>	<b>--- GG</b>
<b>Week 2: Cash Flows &amp; DCF</b>	<b>--- GG</b>
<b>Week 3: Cost of Capital and WACC</b>	<b>--- GG</b>
<b>Week 4: Corporate Strategy and Governance</b>	<b>--- GG</b>
<b>Week 5: Types of Firm &amp; Sources of Finance</b>	<b>--- TE</b>
<b>Week 6: Accounting Principles, Balance Sheet and</b>	
<b>Income Statement</b>	<b>--- TE</b>
<b>Week 7: Financial Statements and the Accounting</b>	
<b>Equation</b>	<b>--- TE</b>
<b>Week 8: Business Ratios / Performance Indicators</b>	<b>--- TE</b>
<b>Week 9: Coursework 1 - Computer based test</b>	<b>--- TE</b>
<b>Week 10: Coursework 2 tutorial</b>	<b>--- GG</b>
<b>Week 11: Coursework 2 – class presentations</b>	<b>--- GG</b>
<b>Week 12: Coursework 2 – class presentations</b>	<b>--- GG</b>

(GG – Gu Guowei)  
(TE – Timothy Eccles)

## 7.0 LEARNING RESOURCES

### 7.1 CORE SOURCE BOOKS ARE:

Please refer to reading list on Moodle.

### 7.2 OPTIONAL MATERIALS

Please refer to reading list on Moodle.

## 8.0 FURTHER INFORMATION

### 8.1 MOODLE

A considerable amount of information is loaded onto the Moodle site to supplement the lectures and reading. It is essential you make use of this site.

### 8.2 STUDENT REGULATIONS REGARDING COURSEWORK

Dates for coursework submission agreed between the College Link Tutor and the LSBU Link Tutor must be adhered to. Late hand-in without Extenuating Circumstances (see below) being pre-agreed will be subject to the Agreement made between the College and LSBU.

Where the agreement refers to the LSBU procedures, coursework handed in later than the stated date will be assessed in accordance with the standing university academic regulations.

### 8.3 STUDENT MODULE EVALUATION

This Module has run in this format for a number of years.

Previous students offer mixed views from being essential learning for understanding managerial work in their employment (especially self-employment) and to making money. Alternative views are not being directly relevant to their current roles (these are often low level operational roles). Some just feel it is too demanding for them.

Whatever the view, students get out of it what they are prepared to take in.

### 8.4 EXTENSION OF TIME AND EXTENUATING CIRCUMSTANCES

The following does not over ride or superceed any earlier advice given to you by your college.

The Agreement between the College and LSBU applies.

If you have problems of a personal nature e.g. health, which has affected your learning or assessment, then in the first instance notify your College Link Tutor / Course Director / Manager and follow the advice given.

Where the LSBU Academic Regulations are to apply, there are two possible courses of action under those Academic Regulations: Your College may advise you to either:

- a) Apply for an Extension of Time to complete coursework by use of the relevant LSBU form and procedure obtained from your Link Tutor/Course Director or LSBU Administrator in the LSBU Faculty Office.
- b) Apply for Extenuating Circumstances by use of the LSBU form and procedure obtained from your Link Tutor/Course Director or LSBU Administrator in the LSBU Faculty Office.

Work will then be marked in accordance with Agreement and/or Academic Regulations

## **COURSE WORK**

### **Coursework Element 1**

A computer based individual coursework containing a set of theoretical questions and a practical exercise will be issued and be undertaken during class.

### **Coursework Element 2**

#### **Introduction:**

Students will work in groups (preferably 3-5 students as a group).

Each Student Group will choose THREE construction firms or THREE property firms of approximately the same type, size, profile and market. Naturally they will not be of identical size etc. but in the same general orbit i.e. firm 1 = £5 million turnover, firm 2 = £10 million, firm 3 = part of a group and turnover £20 million. Discard a firm that is £100 thousand when the other two turnover above a million, alternatively discard the Million turnover firm if your other two are turning over thousands only.

The accounts of public quoted trading companies are normally available free by application to the company's Marketing or Public Relations department, many are available for download from the internet but you will need the full accounts (audited annual report) and not summary accounts. Full accounts include Directors Reports and Notes.

Some business and teaching institutional libraries also have hard copy of Public Company Accounts.

The UK Financial Times as well as a large number of Broker firms will supply copies of financial reports, but there is usually a significant fee payable.

The accounts of all companies may be purchased from Companies House, London, but require notice.

You will only analyse the "Consolidated" Accounts where a group of companies is considered – you will not need to analyse the accounts for parts of that company operating under the consolidated view even when those accounts are provided.

You will need figures for at least 5 years for each firm.

Some public quoted companies show 5 years figures in their current year's accounts. Private companies do not which is a reason for selecting public quoted and listed companies.

Remember that graphs, charts, tables, show much more information more clearly than the written word - note how the Reports and Accounts are set out and the style of writing. Use this style in your Report.

### **The Requirement:**

Examine the Directors and Chairman's Statements in the Accounts.

Examine the Accounts and Notes to the Accounts.

Collect information from the Press etc. to become familiar with the companies chosen and their operating environment.

If the Companies are quoted on an international exchange then record their Share Price Details over the period of the course.

If company or market reports are available from financial publications or on the Internet, analyse these also.

Read Government and Research reports on your chosen market sector.

The aim is to collect a wide variety of opinions, statements, forecasts.

### **What you need to present**

The presentation should centre on the following:-

#### a) Financial Position

1. State what in your opinion are the most important key Financial Performance Indicators for this group of companies that the directors should keep in mind at all times (Only 2 or 3 required).  
(Not Benchmarking Performance Indicators).
2. In addition to the above, state what are the most important additional financial Ratios (Only 6 or so need be considered in detail) for this group of companies', that both Managers and Investors should keep under regular review during the financial year.
3. Explain why these particular key Financial Performance Indicators / Ratios (maximum of 8) are important to the chosen business, as against other available Ratios.
4. Using further ratio analysis, produce a statistical comparison of the companies by Ratio Analysis. Graphs will show the figures for each firm over the period studied i.e. 5 years.
5. How do these compare and what are the changes over the period researched (i.e. under take and discuss your cross-sectional analysis and trend analysis).
6. Identify and explain the key trends.
7. From a Shareholder perspective state the appropriate Growth over the period studied. E.g. in Shareholders Wealth; traded value of shares; the Earnings per Share; Dividends Paid; Dividend Cover; ROE or ROCE; or other appropriate indicators.

b) Summarise the following information:-

1. The Business of the firm, their Mission, their key Objectives, their Forecasts etc.
2. Can you perceive any difference between the companies on their current and future objectives?
3. Do the companies set out Corporate Social Responsibility Statements and do they have a method of measuring these? If so what are they?
4. Determine the Core Competencies of each firm.
5. What are the essential relative strengths and weaknesses for of each business.
6. Can you determine any particular Threats or Opportunities that may affect future performance, include the things that you consider the firms should be considering now to safeguard the future.
7. Do the companies have a cohesive and clearly stated Strategic Plan?

c) Recommendation

Summarise the companies in terms of:

1. Strategic Corporate Plan
2. Shareholder past and future financial return
3. Perceived Risk in:
  - ✓ Actions taken to achieve sustainable growth.
  - ✓ Corporate Social Responsibility.
  - ✓ Financial Governance

**Submit the presentation materials**

The presentation slides (in the form of the MS Office PowerPoint) and other relevant materials should be submitted by each Student Group (one group, one submission) through Moodle before the class presentation.

**Important dates:**

1. Student Group names (with ID) must be sent to Gu Guowei (email: gug2@lsbu.ac.uk) TWO weeks before the class presentations.
2. The presentation slides (in the form of the MS Office PowerPoint) and other relevant materials must be submitted through Moodle ONE week before the class presentations. The student group may NOT be allowed to do presentation if it does not submit them before the deadline.
3. The Certificate of Allocation of Marks (please see the notes below) must be provided to the tutor on/before the Group's presentation day.

## Marking Structure

Item	Part a)	Part b)	Part c)	Total
Identification and use of source material.	5	10	0	15
Appropriate analysis, evaluation and formulation of data and opinion, general accuracy	20	20	10	50
Organisation and presentation of facts. General clarity	10	10	5	25
Sub Total	35	40	15	90
Overall presentation				10
Total Marks				100

## NOTES

### Certificate of allocation of Marks

Students must provide a certificate stating which student completed which part of the coursework and how the group wish the mark to be allocated.

Groups are encouraged to work mutually on all topics and share the marks evenly. This will provide the best learning environment, as students should achieve an even knowledge of all the topics set.

### Single presentation

The work is to be performed in groups to allow for peer support in the learning environment.

Only where explicitly agreed with the module coordinator may a single person work alone. Where this is agreed, the presentation will be based on 2 comparable companies. This is a significant extra work content necessary to complete the comparison and realise the benefit of the exercise.