Corporate Financial Management

Module Handbook 2024/25

Module Code: ACF838

2025-01-01

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# Module Overview

This handbook provides comprehensive information for the Corporate Financial Management module (ACF838) at Ulster University Business School, delivered as a 4-day intensive block course for MSc Management and Corporate Governance students.

## Module Details

* **Module Code**: ACF838
* **Program**: MSc Management and Corporate Governance
* **Institution**: Ulster University Business School
* **Delivery Format**: Intensive 4-day block format
* **Assessment**: 50% coursework (case study), 50% examination (3-hour exam)
* **Module Coordinator**: Prof. Barry Quinn (b.quinn1@ulster.ac.uk)

## Learning Outcomes

By the end of this module, students will be able to:

1. **Demonstrate knowledge and understanding** of investment, financing and dividend decisions
2. **Assess the potential and significance** of various sources of finance available to a business
3. **Critically examine** issues surrounding corporate financing and dividend policy
4. **Recognize concepts and theories** of financial management
5. **Apply financial techniques** to evaluate business investment opportunities

## Module Structure

This module integrates financial management concepts with managerial decision-making, corporate planning, and interaction with the wider business environment. The course is delivered in an intensive 4-day block format, condensing a full semester of content into a comprehensive, focused learning experience.

# Day 1: Financial Framework & Investment Decisions

## Morning Session: Financial Framework

### Overview

The morning session establishes the foundational concepts of corporate financial management, examining the objectives of business and how financial information supports decision-making.

### Key Topics

* Module introduction and rationale
* Financial information for decision making
* Corporate objectives and governance
* Shareholder wealth maximization
* Agency theory and corporate governance
* Financial statement analysis basics

### Learning Activities

* Introduction to key financial statements
* Corporate objective setting exercise
* Agency theory case discussions
* Financial information interpretation

## Afternoon Session: Investment Appraisal Fundamentals

### Overview

The afternoon session introduces the core techniques used to evaluate capital investment decisions, focusing on both theory and practical application.

### Key Topics

* Introduction to ratio analysis
* Investment appraisal fundamentals
* Time value of money concepts
* Investment decision criteria
* Risk and uncertainty in investment decisions

### Practical Applications

* Basic ratio analysis calculations
* Time value of money problems
* Simple investment appraisal scenarios

# Day 2: Sources of Finance and Cost of Capital

## Morning Session: Sources of Finance

### Overview

The morning session examines the various sources of finance available to businesses for both short-term and long-term funding needs, along with their advantages and disadvantages.

### Key Topics

* **Long-term Financing Sources**
  + Equity capital
  + Preference shares
  + Long-term debt
  + Bonds and debentures
  + Lease financing
  + Venture capital
* **Short-term Financing Sources**
  + Bank overdrafts
  + Trade credit
  + Factoring and invoice discounting
  + Short-term loans
* **Characteristics of Different Financing Sources**
  + Cost implications
  + Flexibility considerations
  + Risk profiles
  + Impact on corporate governance
  + Gearing effects
  + Tax implications
* **Matching Finance to Business Needs**
  + Financing the business lifecycle
  + Project-specific financing
  + International sources of finance
  + Sustainable financing options

### Learning Activities

* Group analysis of financing cases
* Financing decision scenarios
* Evaluation of gearing levels for different business types

## Afternoon Session: Cost of Capital

### Overview

The afternoon session focuses on calculating the cost of various capital components and the weighted average cost of capital (WACC) as a key tool for investment appraisal.

### Key Topics

* **Cost of Equity**
  + Dividend valuation model
  + Dividend growth model
  + Capital Asset Pricing Model (CAPM)
  + Risk and return relationships
* **Cost of Debt**
  + Cost of bank loans
  + Cost of bonds and redeemable debentures
  + Tax implications of debt
  + Market value calculations
* **Weighted Average Cost of Capital (WACC)**
  + Formula and applications
  + Calculation methods
  + WACC limitations
  + Use in investment appraisal
* **Capital Structure Theory**
  + Modigliani and Miller propositions
  + Trade-off theory
  + Pecking order theory
  + Optimal capital structure

### Practical Applications

* Calculating cost of equity using multiple methods
* Determining cost of debt for different debt instruments
* Computing firm-wide WACC
* Evaluating capital structure decisions

# Day 3: Dividend Policy & Working Capital

## Morning Session: Dividend Policy

### Overview

The morning session explores dividend theory and policy decisions, including factors that influence dividend decisions and practical considerations for businesses.

### Key Topics

* **Dividend Theories**
  + Dividend irrelevance theory
  + Bird-in-hand theory
  + Tax preference theory
  + Signaling theory
  + Clientele effect
* **Dividend Policy Decisions**
  + Dividend payout ratio
  + Dividend stability
  + Legal and contractual constraints
  + Growth prospects and financing needs
  + Shareholder preferences
* **Practical Considerations**
  + Cash vs. stock dividends
  + Share repurchases
  + Special dividends
  + International dividend practices

### Learning Activities

* Dividend policy case studies
* Dividend decision role-playing
* Analysis of corporate dividend announcements

## Afternoon Session: Working Capital Management

### Overview

The afternoon session focuses on the management of current assets and liabilities to ensure operational efficiency while maintaining liquidity.

### Key Topics

* **Working Capital Fundamentals**
  + Working capital cycle
  + Working capital needs by industry
  + Operating and cash conversion cycles
* **Cash Management**
  + Cash forecasting
  + Cash flow optimization
  + Short-term investment of surplus cash
  + Treasury management
* **Inventory Management**
  + Economic order quantity
  + Just-in-time inventory
  + Inventory control systems
  + Stock valuation
* **Credit Management**
  + Credit policy decisions
  + Credit evaluation
  + Collection procedures
  + Accounts receivable financing

### Practical Applications

* Working capital ratio analysis
  + Current ratio
  + Quick ratio
  + Working capital to sales ratio
* Cash flow forecasting exercises
* Credit policy evaluation

# Day 4: Applied Financial Management

## Morning Session: Integrated Case Studies

### Overview

The morning session applies the concepts learned throughout the module to comprehensive case studies, providing an opportunity for integrated financial analysis.

### Key Topics

* **Comprehensive Financial Analysis**
  + Strategic financial management
  + Financial performance evaluation
  + Investment and financing decisions
  + Risk assessment
* **Business Failure Prediction**
  + Financial distress indicators
  + Z-score models
  + Industry-specific warning signs
  + Turnaround strategies
* **Financial Modeling**
  + Scenario analysis
  + Sensitivity testing
  + Monte Carlo simulation
  + Financial projections

### Learning Activities

* Team-based case analysis
* Financial recommendation presentations
* Peer review and feedback

## Afternoon Session: Exam Preparation

### Overview

The afternoon session focuses on revision of key concepts and exam techniques to prepare students for the final assessment.

### Key Topics

* **Review of Key Concepts**
  + Investment appraisal techniques
  + Financing decisions
  + Cost of capital
  + Dividend policy
  + Working capital management
* **Exam Techniques**
  + Understanding question requirements
  + Time management
  + Structured answers
  + Numerical analysis presentation
  + Critical evaluation skills
* **Practice Questions**
  + Short answer questions
  + Numerical problems
  + Case-based scenarios
  + Essay-style questions

### Activities

* Mock exam questions
* Group revision sessions
* Q&A on challenging topics

# Assessment Information

## Coursework (50%)

**Case Study Analysis** - **Due Date**: 07 June 2025 - **Word Limit**: 3,000 words - **Submission**: Via Blackboard - **Format**: Business report with financial analysis and recommendations

The coursework will involve a comprehensive analysis of a case company, requiring students to: - Evaluate the financial position of the company - Assess an investment opportunity using appropriate techniques - Recommend financing options - Consider dividend policy implications - Propose working capital management improvements

## Examination (50%)

* **Format**: 3-hour written examination
* **Date**: During exam period (Date TBC)
* **Coverage**: All module content

The examination will consist of: - Section A: Compulsory question based on a case scenario (40 marks) - Section B: Choice of 2 questions from 3, each worth 30 marks

# Resources and Readings

## Core Reading

* Atrill, P. (2019) *Financial Management for Decision Makers*. 9th ed. London: FT Prentice Hall.

## Supplementary Reading

* Arnold, G. and Lewis, D. (2019) *Corporate Financial Management*. 6th ed.
* Brealey, R., Myers, S. and Allen, F. (2019) *The Principles of Corporate Finance*. 13th ed.
* Watson, D. and Head, A. (2019) *Corporate Finance Principles and Practice*. 8th ed.

## Online Resources

* Financial Times articles on corporate finance
* Harvard Business Review case studies
* Module materials on Blackboard
* Financial databases available through the library

# Module Policies

## Attendance

Attendance at all sessions of this intensive block course is mandatory. Due to the condensed nature of the course, absence from any session will significantly impact your learning experience.

## Late Submissions

Late submissions of the coursework will be penalized according to university policy: - Up to 5 working days late: work marked, maximum score 40% - More than 5 working days late: zero marks

## Academic Integrity

All work submitted must be your own. Plagiarism and academic misconduct will be treated seriously according to university regulations. Please familiarize yourself with the university’s academic integrity policy.

## Extensions

Extensions for the coursework submission may be granted in exceptional circumstances. Requests should be made in writing to the module coordinator at least 7 days before the submission deadline, accompanied by appropriate evidence.

# Contact Information

**Module Coordinator**: Prof. Barry Quinn  
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**Office Hours**: By appointment during the block delivery  
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