Corporate Financial Management

Module Handbook 2024/25 (REVISED)

Module Code: ACF838

2025-05-01

Table of contents

# 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% online take-home 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.

The examinable content has been slightly refined to focus on the most essential aspects of corporate financial management. Working capital management will no longer be assessed in the examination, though students are still encouraged to engage with this material for their professional development.

# 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

**Note**: While Working Capital Management will be covered in the course, this topic will not be directly examined in the final assessment. However, students are encouraged to understand these concepts for their professional development and for potential application in the coursework.

# Day 4: Revision and Exam Preparation

## Morning Session: Integrated Case Studies and Application

### Overview

The morning session is dedicated to applying key concepts through comprehensive case studies, with a focus on strengthening practical application skills and preparing for assessments.

### Key Topics

* **Applied Financial Analysis**
  + Integration of investment, financing, and dividend decisions
  + Critical evaluation of financial strategies
  + Linking theory to real-world financial management
* **Case Study Analysis Techniques**
  + Approaching the coursework case
  + Identifying key financial issues
  + Structuring a comprehensive financial analysis
  + Developing evidence-based recommendations
* **Numerical Application Workshop**
  + Step-by-step approach to financial calculations
  + Common calculation pitfalls and solutions
  + Effective presentation of financial analysis

### Learning Activities

* Guided case study walk-throughs
* Small group problem-solving
* Calculation workshops with immediate feedback

## Afternoon Session: Comprehensive Revision

### Overview

The afternoon session provides structured revision of all examinable content, with particular attention to areas students find most challenging.

### Key Topics

* **Systematic Review of Module Content**
  + Investment appraisal techniques
  + Financing decisions
  + Cost of capital
  + Dividend policy
  + Interconnections between topic areas
* **Exam Strategy and Techniques**
  + Understanding question requirements
  + Time management for take-home examinations
  + Structured approach to numerical and discursive questions
  + Critical evaluation in financial contexts
* **Extended Practice Session**
  + Exam-style questions with guided solutions
  + Individual and group problem-solving
  + Application to varied business scenarios

### Activities

* Comprehensive mock exam questions
* Model answer demonstrations
* Group revision activities
* Personalized Q&A on challenging topics
* Take-home revision pack distribution

# Assessment Information (REVISED)

## Coursework (50%)

**Case Study Analysis**

* **Due Date**: 30 June 2025 (12 noon) *(revised from 9 June)*
* **Word Limit**: 2,000 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 online take-home examination
* **Release Date**: 7th June 9:30 (on Blackboard) *(revised from 21st June)*
* **Due Date**: 9th June 17:00 (on Blackboard) *(revised from 21st June 12:30)*
* **Coverage**: All module content excluding Working Capital Management *(revised scope)*

**Examination Format Explanation**:

The examination is designed as a 3-hour assessment, meaning the content and expectations are calibrated to what you could reasonably complete in a 3-hour supervised exam setting. However, to accommodate the needs of students from diverse academic backgrounds, particularly those who may require additional time with mathematical problems, the exam will be available as a take-home assessment from Friday morning until Sunday evening.

This extended window allows you to:

* Choose a convenient 3-hour block of time for focused work
* Take additional time if needed for calculations and review
* Consult course materials and resources (open-book format)
* Work in a comfortable environment conducive to your best performance

While you have the entire weekend to submit your work, the examination questions are designed to be completed within approximately 3 hours of focused effort. This approach balances academic rigour with flexibility, ensuring fair assessment for all students regardless of their prior financial or mathematical experience.

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

**Additional Exam Support:**

* Comprehensive practice examples will be provided by 31st May
* Online revision session scheduled for 5th June, 14:00-16:00 (provisional timing)
* Additional office hours available from 1st-6th June (arrange by appointment)

## Assessment Timeline Rationale

The revised assessment timeline has been implemented to:

1. Allow sufficient time for students to develop and apply financial analysis skills, particularly given the intensive block delivery format
2. Provide appropriate spacing between major assessments to enable deeper engagement with the material
3. Support students from non-financial backgrounds in developing the necessary technical competencies
4. Maintain academic rigour while ensuring fair assessment opportunities

## Additional Learning Support

In recognition of the mathematically complex nature of some module content, the following additional learning supports have been implemented:

* Extended set of practice exercises and solutions (available on Blackboard)
* Step-by-step guides for key financial calculations
* Optional drop-in support sessions for mathematical concepts (dates TBC)
* Dedicated discussion board for technical queries

# Resources and Readings

## Core Reading

* Atrill, P. (2019) *Financial Management for Decision Makers*. 9th ed. London: FT Prentice Hall.
* [PDF copy](../materials/book.pdf)

## 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

## Additional Resources

* Quick reference guides for financial calculations (available on Blackboard)
* Simplified worked examples with step-by-step explanations
* Video tutorials on key financial techniques
* Interactive spreadsheet templates for investment appraisal

# Module Policies

## Artificial Intelligence (AI) Tools Policy

### Philosophy: LLM Premiums ≠ Premium Thinking

This module recognizes that AI tools are increasingly part of the professional landscape. However, we operate under the fundamental principle that **paying for premium AI services does not generate premium thinking**. The goal is to develop your authentic analytical capabilities, not to outsource them.

### Appropriate Uses of AI Tools

#### ✅ **Encouraged Uses:**

* **Research assistance**: Finding relevant sources and academic materials
* **Technical clarification**: Understanding financial formulas or concepts
* **Writing mechanics**: Grammar checking and basic proofreading
* **Calculation verification**: Double-checking mathematical computations
* **Brainstorming**: Generating initial ideas for further development
* **Translation**: Converting financial concepts between languages

#### ⚠️ **Conditional Uses (Require Attribution):**

* **Explanation requests**: Asking AI to explain complex financial theories
* **Example generation**: Creating practice scenarios for learning
* **Structure suggestions**: Getting framework ideas for reports

*When using AI in these ways, you must clearly state: “AI assistance was used for [specific purpose]”*

### Prohibited Uses

#### ❌ **Strictly Forbidden:**

* **Content generation**: Having AI write substantial portions of your assignments
* **Analysis substitution**: Using AI to perform critical evaluation for you
* **Argument development**: Letting AI construct your academic arguments
* **Data interpretation**: Having AI analyze financial data on your behalf
* **Recommendation formulation**: Using AI to develop business recommendations

### The Premium AI Fallacy

#### **Common Misconceptions:**

* “ChatGPT Plus will write better assignments” ❌
* “Claude Pro understands corporate finance” ❌
* “Latest AI models = automatic academic success” ❌

#### **Reality Check:**

* **AI are verbosity maximizers**, optimized for volume, not insight
* **Premium subscriptions** buy processing power, not critical thinking
* **Latest models** are better at generating convincing-sounding content, making them more dangerous for academic work
* **Experienced markers** can readily identify AI-generated analysis

### Academic Integrity Standards

#### **What We Expect:**

1. **Your authentic voice** in all written work
2. **Your critical analysis** of financial concepts and cases
3. **Your synthesis** of course materials and external sources
4. **Your professional judgment** in making business recommendations

#### **Red Flags for Markers:**

* Sudden changes in writing style or sophistication
* Generic analysis lacking specific course content integration
* Verbose explanations without focused insight
* Perfect grammar with shallow reasoning
* Repetitive phrase patterns common to AI output

### Professional Development Rationale

The restrictions exist because:

1. **Employers value human judgment**: No organization wants managers who can’t think critically without AI
2. **Professional responsibility**: Future roles require authentic decision-making capabilities
3. **Competitive advantage**: Your unique analytical skills differentiate you in the job market
4. **Ethical obligations**: Business leaders must make independent judgments on complex issues

### Practical Guidelines

#### **Before Using Any AI Tool, Ask:**

* “What am I trying to learn here?”
* “How will using AI help or hinder my understanding?”
* “Can I explain and defend the output as my own thinking?”
* “Am I using AI as a crutch or as a legitimate tool?”

#### **Best Practices:**

* Use AI for understanding, not for doing
* Always verify AI information against credible sources
* Develop your ideas first, then use AI for refinement
* Maintain a clear audit trail of your thinking process

### Declaration Requirements

For all assessments, include this statement:

*“I declare that this work represents my own critical thinking and analysis. Any AI assistance used was limited to [specify: grammar checking/concept clarification/calculation verification] and did not substitute for my own intellectual contribution.”*

### Consequences of Violations

* **Minor violations**: Opportunity to resubmit with guidance
* **Substantial violations**: Academic misconduct proceedings
* **Severe violations**: Module failure and program review

### Support and Guidance

If you’re unsure about appropriate AI use: - Consult with the module coordinator before using AI tools - Attend workshops on academic integrity and AI - Use provided practice materials to develop skills independently

Remember: The goal is to develop **your** expertise in corporate financial management, not to become proficient at prompting AI tools.

## 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 Policy (REVISED)

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.

Given the condensed nature of this module, we recognise that some students may require additional flexibility. Individual circumstances affecting your ability to complete the coursework by the deadline will be considered sympathetically. Please contact the module coordinator (and Course Director) as early as possible to discuss any concerns.

# Contact Information

**Module Coordinator**: Prof. Barry Quinn  
**Email**: b.quinn1@ulster.ac.uk  
**Office Hours**: By appointment during the block delivery  
**Location**: Belfast Campus, Room MC-204

**Additional Support Hours**: - Drop-in sessions: 1st-6th June, 10:00-12:00 and 14:00-16:00 - Online office hours: Tuesdays and Thursdays, 19:00-20:00 (via MS Teams)