



Diploma in Accounting & Finance (519) – Corporate Finance

Prerequisites: Knowledge of accounting terminology.	Corequisites: A pass or higher in Diploma in BA & Computer Systems or equivalence..
<p>Aim: An overview of the theory, principles, and practices of financial management in a business environment. Topics include financial analysis and financial risk, characteristics and valuations of securities, capital investment analysis and decision making, the capital structure of the firm, financial leverage, and international finance. Emphasis is on the application of financial theory and methods for solving the problems of financial policy faced by managers. Analysis of the theory of corporate finance and empirical evidence regarding corporate finance. Advanced managerial decision making; corporate financial policy, dividend policy, agency theory, corporate restructuring, capital structure strategies, mergers and acquisitions; option pricing fundamentals, convertible debt, callable debt, warrants. Other topics in corporate finance including capital structure, dividend policy, financial restructuring, bankruptcy, and leasing. Emphasis on recent developments in corporate finance and financial economics.</p>	
Required Materials: Recommended Learning Resources.	Supplementary Materials: Lecture notes and tutor extra reading recommendations.
Special Requirements: The course requires a combination of lectures, demonstrations and discussions.	
<p>Intended Learning Outcomes:</p> <p>1 Define the nature and scope of Business Finance</p> <p>2 Explain the meaning of time value for money</p> <p>3 Analyse project valuation techniques and decision criteria</p> <p>4 Explore the financing decision</p>	<p>Assessment Criteria:</p> <p>1.1 Define Business Finance</p> <p>1.2 Outline the main components of Business Finance</p> <p>1.3 Explain the nature of Short and Long Term (Capital) Investment Decisions.</p> <p>2.1 Explain the difference between the concepts of simple interest and compound interest</p> <p>2.2 Calculate compound interest and simple interest</p> <p>2.3 Calculate the present values and future values of cash flows</p> <p>2.4 Calculate the net present value and the internal rate of return of an investment</p> <p>2.5 Determine the future value of investment made today and the present value</p> <p>3.1 Describe the primary decision tool- NPV</p> <p>3.2 Describe secondary decision tools- Payback period, Capital Efficiency, ROI, IRR.</p> <p>3.3 Define valuing flexibility</p> <p>3.4 Define quantifying uncertainty</p> <p>4.1 Explain the nature of equity financing</p> <p>4.2 Discuss valuation of shares using dividend valuation model and CAPM.</p> <p>4.3 Explain the nature of debt financing</p> <p>4.4 Discuss the valuation of debt (Bonds)</p> <p>4.5 Determine the optimal combination of debt and equity</p> <p>4.6 Compute Weighted Average Cost of</p>




		Capital (WACC)
	4.7	Analyse the dividend decision.
5	Illustrate working capital management as a function	5.1 Define working capital management 5.2 Be able to calculate working capital. 5.3 Define key terms, including cash conversion (operating cycle), average debtors collection period, average creditors payment period and liquidity.
6	Describe the purpose and techniques of management of cash	6.1 Be able to apply the Miller- Orr Model (Economic Order Quantity, Lead time, Interest) 6.2 Be able to apply the Modigliani Model
7	Understand management of stock	7.1 Describe the main motive for Stock Management. 7.2 Illustrate the techniques used such as Supply Chain Management, Economic Order Quantity, Economic Production Quantity (EPQ) and Just-In-Time (JIT) systems.
8	Analyse the main purpose and process of management of debtors	8.1 Explain the terms credit policy, credit limit, credit period, trade discount, cash discount. 8.2 Outline the process involved in credit control. 8.3 Calculate and explain the result of Average Debtors Collection Period (ADCP). 8.4 Be able to suggest possible methods of reducing the ADCP
9	Explore the process of managing of trade creditors	9.1 Be able to calculate and explain the significance of 'Average Creditors Payments Period'. 9.2 Understand negotiation of creditors' payments period. 9.3 Identify other sources of short term financing- Bank Overdrafts, Bank Loans, Debt factoring (invoice financing).
10	Describe the significance of gearing	10.1 Describe the characteristics of debt capital 10.2 Explore gearing ratio 10.3 Define financial gearing
11	Define mergers and acquisitions	11.1 Outline the motives for mergers and acquisition 11.2 Explain the types of mergers 11.3 Distinguish between mergers and acquisitions. 11.4 Identify actions that a company can take when deciding to move forward using M&A. 11.5 Explain the purpose and actions involved in Due Diligence assignments.
12	Describe the main methods of Business Valuation	12.1 Analyse the asset valuation process 12.2 Discuss the historical earnings valuation process. 12.3 Describe the future maintainable

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<p>13 Discuss the main methods of financing mergers and acquisitions</p>	<p>earnings method.</p> <p>12.4 Describe the relative method (comparable company and comparable transactions) process.</p> <p>12.5 Describe the discounted cash flows valuation process.</p> <p>13.1 Describe the advantages and disadvantages of using cash</p> <p>13.2 Describe the advantages and disadvantages of borrowing from a bank or by the issue of bonds.</p> <p>13.3 Analyse a combination of cash and bonds or cash and stocks of the acquiring company.</p> <p>13.4 Describe factoring</p>
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Recommended Learning Resources: Corporate Finance

<p>Text Books</p>	<ul style="list-style-type: none"> • Principles of Corporate Finance with S&P bind-in card by Richard A Brealey, Stewart C Myers, Franklin Allen. ISBN-10: 0071266755 • Corporate Finance: Theory and Practice by Pierre Vernimmen, Pascal Quiry , Maurizio Dallocchio, Yann Le Fur, Antonio Salvi. ISBN-10: 0470092254 • An Introduction to Corporate Finance: Transactions and Techniques (Securities Institute) by Ross Geddes . ISBN-10: 0470026758
<p>Study Manuals</p> 	<p>BCE produced study packs</p>
<p>CD ROM</p> 	<p>Power-point slides</p>
<p>Software</p> 	<p>None</p>