## COE 3118 CORPORATE FINANCE

**Course Description**

Corporate finance and investment decisions deals with advanced financial management skills needed in larger corporations. It considers the use of further investment appraisal techniques and share valuations in listed corporations.

**Objectives or Aims**

The course is designed to make students understand different categories of corporate stakeholders, financial objectives, capital structure theories and cost of capital, further aspects of investment appraisals, mergers and takeovers of business corporations, share/bond valuations and financial distress.

**Learning Outcomes**

Upon completion of this course, students will be able to complete the following key tasks:

* Describe corporate stakeholders, financial objectives and reconciling multiple objectives.
* Discuss theories of capital structure.
* Determine cost of capital of any given business venture.
* Describe further aspects of investment appraisal like use of sensitivity analysis and expected values, inflation and interest rates and issues of capital rationing.
* Discuss various aspects of business mergers and takeovers
* Explain aspects of share/bond valuations.
* Discuss different aspects of financial distress and corporate restructuring.

**Intellectual, practical and transferable skills**

* Problem solving skills
* Team work
* Analytical

**Teaching and Learning Patterns**

* Use of case studies
* class discussions
* straight lecture
* Group presentations

**Indicative Content**

Topics will include the corporate stakeholders, financial objectives and reconciliation of multiple stakeholder objectives, corporate governance, and theories of capital structure and cost of capital, further aspects of investment appraisal such as: use of sensitivity analysis and expected values, adjusting cash flows for inflation and interest rates and capital rationing. Asset replacement, the theory of capital markets and efficient market hypothesis, mergers and takeover of business corporations, financial planning, financial strategy, business life cycle and financial strategy, financial strategies from start-up to growth, financial strategies from growth to maturity, Dividend theories share and bond valuations and financial distress and corporate restructuring.

**Assessment Method**

The assessment method is structured to include coursework and final examination. Coursework consists of assignments, presentations and tests.

Each course in the programme shall be assessed on the basis course work and final examination represented as follows:

Course work assessment 30%

 Final Examination 70%

 100%

The minimum cumulative mark required to pass is 50%, is required to pass this unit. This includes course work and final examination. Each course in the programme is allowed a maximum of three hours for final examination.

**Reference Materials**

* ACCA Reading Text (Paper F9) on Financial Management 2007-2008
* Brealey, R and Myers, S (2003): Principles of corporate Finance. 7th edition McGraw Hill/Irwin
* Pike, R and Neale, B (1999): Corporate finance and investments: Decisions and strategies. 3rd edition prentice hall.
* Van Horne, J (2001): Financial Management and Policy .12th edition Prentice Hall
* Tony Davies, Tony Boczko and Jean Chen (2008) *Strategic Corporate Finance.* International Edition. UK, McGraw Hill Publishing.
* Richard A. Brealy and Stewart C. Myers (2008) *Principles of Corporate Finance.* International Edition. Athens, Greece, McGraw Hill Publishing.
* Stephen A. Ross and Randolph W. Westerfield (2008) *Essentials of Corporate Finance.* International Edition. Athens, Greece, McGraw Hill Publishing.