

PRE-REQUISITE(S)

No pre-requisite is required

CREDIT HOURS

3

SYNOPSIS

This course is a broad-based study on the key concepts and practical aspects of corporate financing and investment decisions focusing on core issues in finance and their relationship to the business world from the working executive's perspective. This course will equip student with an intuitive and analytic knowledge of financial principles and enable student to understand the market in which an organization operates, create and assess value, and communicate decisions to financial stakeholders.

LEARNING OUTCOMES

- Evaluate concepts, models and tools in Corporate Finance for decision-making in maximizing shareholder return and value in an organisation or case-setting.
- Formulate optimal capital structure (mix of debt and equity) using financial modelling and analysis.
- Perform a scenarios analysis relating to the global corporate issues and their impacts on the company's finance.

TOPICS

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| Topic 1 | The setting and issues of financial management decision-making: (a) Evaluation on the role and objective of financial executives; (b) Role playing on the three major decision' (c) Debate on the market efficiency |
| Topic 2 | Financial Assets Valuation: (a) Time value of money, effective interest rate, NPV, annuity, dividend growth model; (b) Importance of judgement in security valuation |
| Topic 3 | (1) Capital Market: (a) Funding Organizations; (b) Application of various types of instruments; (2) Determinants of returns on investments: (c) Components of interest rate, risk premium of investment; (d) Cost of equity and cost of loan; (3) Debt & Equity Financing: (e) Impact of Debt vs Equity Financing; (f) Possible consequences arisen from company debts; (g) Financing strategy and paid out policy; (4) Determining Cost of Capital (h) Weighted Average Cost of Capital (WACC); (5) Capital Structure Decision; (6) Impact of capital structure on WACC |

Topic 4	(1) Dividend Policy: (a) Dividends and equilibrium markets; (b) Dividends as signal; (c) Dividends and agency theory; (d) The choice between dividends share buyback and capital reduction; (2) Capital increases and finance theory
Topic 5	(1) Capital Project Appraisal: (a) Project appraisal techniques; (b) Measuring value creation; (c) Economic profit or economic value added; (d) Cash flow return on investment; (e) Total shareholder return; (2) Capital Budgeting: (a) Business planning; (b) Scenario analysis performance
Topic 6	(1) Cash Management: (a) Why hold cash; (b) Cash flow statement; (c) Cash flow forecasting; (2) Cash management model. Working Capital Management: (a) Ways of improving financial efficiency through aligning inflow with outflow; (3) Improvement on production with anticipated demands
Topic 7	(1) Leveraged Buyouts (LBO), Takeovers & Restructuring: (a) Motives, trends and policies; (b) Issues associated with M&A, sovereign funds acquisition; (2) Liquidate or reorganize – Decision to make?; (3) Company Valuation; (4) Real option application using decision tree techniques as a means to augment the shortcoming of DCF techniques
Topic 8	World corporate issues and funding: (a) Financial Crisis and market bubbles; (b) Financialization of the economy; (c) Alternative sources of corporate financing; (d) Other developments

ASSESSMENT DETAILS

Continuous Assessment	%
Presentation/Participation/Discussions	20
Oral Presentation (Assignment 1)	30
Final Assessment	%
Written Assignment 2	30
Written Examination	20

PRESCRIBED TEXT

Main:

Berk, J., DeMarzo, P. (2018), Corporate Finance. (5th ed.) Pearson Education Limited.

Asquith, P., Weiss, L.A. (2019), Lessons in Corporate Finance: A Case Studies Approach to Financial Tools, Financial Policies, and Valuation (2nd ed.). Wiley.

Corelli, A. (2018). Analytical Corporate Finance (2nd ed.). Springer.

Additional References:

Brealey, R., Myers, S. & Allen, F. (2020). Principles of Corporate Finance. (McGraw-Hill/Irwin Series in Finance, Insurance, and Real Estate) (13th ed.). McGraw-Hill Education.

Zutter, C.J., Smart, S.B. (2019). Principles of Managerial Finance (14th global ed.). Pearson Education Limited.

Ross, S., Westerfield, R. & Jordan, B. (2015). Essentials of Corporate Finance (9th ed.). McGraw-Hill Education.