

# IB236-15 Finance 2: Corporate Finance

21/22

**Department**

Warwick Business School

**Level**

Undergraduate Level 2

**Module leader**

Danmo Lin

**Credit value**

15

**Module duration**

10 weeks

**Assessment**

Multiple

**Study location**

University of Warwick main campus, Coventry

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## Description

### Introductory description

This is an elective module available for WBS and non-WBS students.

Students will understand principles underlying financial decision making by corporations. They will develop a solid understanding of financing and investment decisions; options, futures, forwards, warrants and convertibles; valuation techniques for investment appraisals. Some new corporate finance topics are introduced such as mergers and acquisitions, real options, and corporate risk management.

[Module web page](#)

### Module aims

- Make students critically aware of the key financial decisions taken by firms.
- Develop in students a sound understanding of the main theories and models of Corporate Finance.
- Make students aware of key empirical tests of those models, and their implications.
- Provide students with structured opportunities to practise using the key tools and techniques of Corporate Finance.
- Prepare students for advanced undergraduate and postgraduate studies in Finance.

## Outline syllabus

This is an indicative module outline only to give an indication of the sort of topics that may be covered. Actual sessions held may differ.

- Cost of Capital
- Risky debt
- Capital Structure
- Payout Policy
- Company valuation
- Options
- International Corporate Finance
- Initial Public Offerings

## Learning outcomes

By the end of the module, students should be able to:

- Critically assess the factors that determine the optimal investment, financing and payout decisions of a firm.
- Compute the cost of capital of a firm under alternative assumptions.
- Use alternative methods for valuing firms to gain important insights into value drivers.
- Discuss the main motives for mergers and acquisitions.
- Identify the reasons why firms raise capital.
- Explain key theoretical models and the assumptions that underpin those models, and reflect critically on the limitations of those models.
- Interpret empirical evidence.
- Solve numerical problems and analyse case-study information.
- Communicate complex ideas effectively.

## Indicative reading list

Hiller D, Ross SA, Westerfield RW, Jaffe J & Jordan BD, Corporate Finance, (European edition, McGraw-Hill 2010).

Berk J & DeMarzo P, Corporate Finance, (2nd edition, Pearson 2010).

## Subject specific skills

Discuss topical issues about the theory and practice of Corporate Finance.

Construct spreadsheets to value the equity and debt in a firm's capital structure, and test the robustness of those values to changes in key inputs.

Explain and interpret corporate financial information from the financial press.

Use web-based resources to retrieve, process and interpret corporate financial data.

## Transferable skills

Solve structured numerical problems.

Write informed critiques of important topics in Corporate Finance theory.  
Analyse case studies and formulate arguments to support a particular solution.

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## Study

### Study time

Type	Required
Lectures	10 sessions of 2 hours (13%)
Seminars	9 sessions of 1 hour (6%)
Private study	48 hours (32%)
Assessment	73 hours (49%)
Total	150 hours

### Private study description

Private Study.

## Costs

No further costs have been identified for this module.

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## Assessment

You do not need to pass all assessment components to pass the module.

### Assessment group D1

	Weighting	Study time
Participation	10%	8 hours
In-person Examination	90%	65 hours

- Answerbook Gold (24 page)
- Students may use a calculator

### Assessment group R1

	Weighting	Study time
In-person Examination - Resit Exam	100%	

## Feedback on assessment

Feedback will be provided via my.wbs.

[Past exam papers for IB236](#)

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## Availability

### Pre-requisites

To take this module, you must have passed:

- Any of
  - [IB235-15 Finance 1: Financial Markets](#)
  - [IB266-15 Fundamentals of Finance](#)

## Courses

This module is Optional for:

- UIBA-N20B BSc in Management
  - Year 2 of N20B Management
  - Year 2 of N20B Management
  - Year 2 of N23K Management with Accounting
  - Year 2 of N234 Management with Digital Innovation
  - Year 2 of N235 Management with Entrepreneurship
  - Year 2 of N232 Management with Finance
  - Year 2 of N252 Management with Marketing
  - Year 2 of N23L Management with Strategy and Organisation
- Year 2 of UIBA-N400 Undergraduate Accounting and Finance
- Year 3 of UIBA-N403 Undergraduate Accounting and Finance (with Foundation Year)
- Year 3 of UCSA-I1N1 Undergraduate Computer Science with Business Studies
- Year 4 of UCSA-I1NA Undergraduate Computer Science with Business Studies (with Intercalated Year)
- Year 1 of UIOA-EEU Undergraduate EU Exchange
- UGEA-RN21 Undergraduate German and Business Studies
  - Year 2 of RN21 German and Business Studies
  - Year 4 of RN21 German and Business Studies
- UIPA-L8N1 Undergraduate Global Sustainable Development and Business
  - Year 2 of L8N1 Global Sustainable Development and Business Studies
  - Year 3 of L8N1 Global Sustainable Development and Business Studies
- UIPA-L8N2 Undergraduate Global Sustainable Development and Business Studies (with Intercalated Year)
  - Year 2 of L8N2 Global Sustainable Development and Business Studies (with

Intercalated Year)

- Year 4 of L8N2 Global Sustainable Development and Business Studies (with Intercalated Year)
- Year 2 of UIBA-N1RA Undergraduate International Business with French
- Year 2 of UIBA-N1RB Undergraduate International Business with German
- Year 2 of UIBA-N1RC Undergraduate International Business with Italian
- Year 2 of UIBA-N1RD Undergraduate International Business with Spanish
- UIBA-N20F Undergraduate International Management
  - Year 2 of N20F International Management
  - Year 2 of N20F International Management
  - Year 2 of N20S International Management (with Accounting)
  - Year 2 of N20T International Management (with Chinese)
  - Year 2 of N20N International Management (with Digital Innovation)
  - Year 2 of N20P International Management (with Entrepreneurship)
  - Year 2 of N20M International Management (with Finance)
  - Year 2 of N20U International Management (with French)
  - Year 2 of N20L International Management (with Marketing)
  - Year 2 of N20V International Management (with Spanish)
  - Year 2 of N20W International Management (with Strategy and Organisation)
  - Year 2 of N20E Management (with Foundation Year)
  - Year 2 of N234 Management with Digital Innovation
- Year 2 of UIBA-MN3B Undergraduate Law and Business Studies
- UIBA-N20E Undergraduate Management (with Foundation Year)
  - Year 3 of N20E Management (with Foundation Year)
  - Year 3 of N23N Management with Accounting (with Foundation Year and Placement Year)
  - Year 3 of N23M Management with Accounting (with Foundation Year)
  - Year 3 of N23E Management with Digital Innovation (with Foundation Year)
  - Year 3 of N23F Management with Entrepreneurship (with Foundation Year)
  - Year 3 of N23D Management with Finance (with Foundation Year)
  - Year 3 of N254 Management with Marketing (with Foundation Year)
  - Year 3 of N23P Management with Strategy and Organisation (with Foundation Year)
- Year 3 of UMAA-G1N4 Undergraduate Mathematics with Business Studies
- Year 4 of UMAA-G1N5 Undergraduate Mathematics with Business Studies (with Intercalated Year)
- Year 1 of UIOA-EOS Undergraduate Overseas Exchange
- Year 4 of UPXA-F3ND Undergraduate Physics and Business Studies (with Intercalated Year)
- Year 3 of UPXA-F3N2 Undergraduate Physics with Business Studies
- Year 1 of UIOA-EUS Undergraduate USA Exchange