

IB236-15 Finance 2: Corporate Finance

23/24

Department

Warwick Business School

Level

Undergraduate Level 2

Module leader

Zhun Liu

Credit value

15

Module duration

10 weeks

Assessment

Multiple

Study location

University of Warwick main campus, Coventry

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.

Study

Study time

Type	Required
Lectures	10 sessions of 1 hour (13%)
Seminars	9 sessions of 1 hour (12%)
Online learning (independent)	10 sessions of 1 hour (13%)
Private study	48 hours (62%)
Total	77 hours

Private study description

Private Study.

Costs

No further costs have been identified for this module.

Assessment

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

Assessment group D2

	Weighting	Study time	Eligible for self-certification
Participation	10%	8 hours	No
In-person Examination	90%	65 hours	No

- Answerbook Green (8 page)
- Students may use a calculator

Assessment group R2

	Weighting	Study time	Eligible for self-certification
In-person Examination	100%		No

Exam

- Answerbook Green (8 page)
- Students may use a calculator

Feedback on assessment

Feedback will be provided via my.wbs.

[Past exam papers for IB236](#)

Availability

Pre-requisites

To take this module, you must have passed:

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

There is currently no information about the courses for which this module is core or optional.