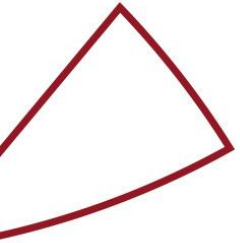
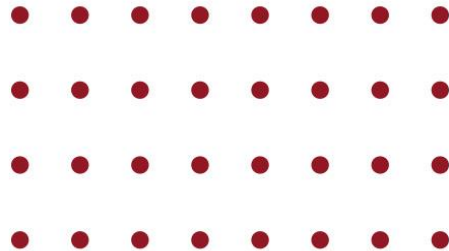


Class 18

UG3F14 Corporate Finance



GBSB GLO
BUSINESS SCHOOL

Class 18 Topics and Content

- *Course Wrap-Up:*

- Review of Outstanding Material and Issues
- Preparation for the Summative Report

Class 18

- Course Wrap-Up

➤ Review of Outstanding Material and Issues - topics covered

Lesson 1: Overview of Corporate Finance:

- The concept of Corporate Finance
- The Purpose of Business Finance
- Corporate Finance Activities
- The Corporate Firm
- The Role and Goals of the Finance Manager in a Corporation
 1. Long-Term Financial Planning and Decision Making:
 - Investment Decisions
 - Capital Financing Decisions
 - Dividend Decisions
 2. Short-Term Financial Decisions
- The Agency Problem

Lesson 2: The role of Financial Information for Decision Making: Understanding the Business from its Financial Statements:

- The Annual Report: The Four Financial Statements
- Interpreting the Business Financial Performance:
 - Connection between Financial Statements

Lesson 3: The role of Financial Information for Decision Making: Understanding the Business from its Financial Statements:

- Interpreting the Business Financial Performance:
- Connection between Financial Statements:
 - Financial Ratios:
 - Industry Ratios and Analysis

Class 18

- Course Wrap-Up

➤ Review of Outstanding Material and Issues - topics covered

Lesson 4: Case Study: Financial Statements Analysis for Decision Making:
Practical Exercise: Fundamental and Financial Analysis for Business Decisions of a Corporation – Industry Analysis

Lesson 5: Long-Term Financial Planning and Growth for Business Sustainability:

- The Long-Term concept in Financial Planning and Decision Making
- Formulas for Sustainable and Internal Growth Rates
- The Importance of Long-Term Financial Planning for Businesses – Corporate Finance Perspective
- Factors affecting Long-Term Financial Decisions
- Building a Business Long-Term Financial Plan Goals

Lesson 6: Valuation: The Value of the Money in Time: Time Value of Money TVM – Present Value, and Future Value of Cash Flows:

- TVM
- The concept of TVM and PV, NPV, and Risk
- The importance of the TVM for Corporations

Lesson 7: Sources of Capital: Equity or Debt Financing:

- Equity
- Equity Valuation
- Debt
- Bonds Valuation and the Interest Rates
- Debt or Equity Financing?

Lesson 8: Risk and Return:

- The Concept of Business and Risk
- Types of Risks: Systematic and Unsystematic Risk
- Expected Returns of a Portfolio of Investments
- The Importance of Portfolio Diversification for a Business
- The Beta of a Company (β)

Class 18

- Course Wrap-Up

➤ *Review of Outstanding Material and Issues - topics covered*

Lesson 9: Long-Term Investment Decisions/ Capital Budgeting

- Traditional or Non-Discounted Investment Criteria:
 - Payback Period
- Non-Traditional or Discounted Investment Criteria:
 - Net Present Value (NPV)
 - Internal Rate of return (IRR)

Lesson 10: Long-Term Investment Decisions/ Capital Budgeting

- *Making Capital Investment Decisions: Project Analysis and Evaluation*

Lesson 11: Sources of Capital: Retained Earnings, Equity or Debt Financing

- Retained Earnings
- The Cost of Equity Financing for a Corporation
- The Capital Asset Pricing Model (CAPM)
- Security Market Line SML
- The Cost of Debt Financing for a Corporation

Lesson 12: Sources of Capital Funding- Equity and Debt Financing:

- The Cost of Capital: The concept of Weight Average Cost of Capital (WACC) as a tool for decision making
- The Importance of the Cost of Capital for Business Financial Decisions

Lesson 13: Capital Structure

- The Business Debt to Equity Ratio Decisions
- Factors Affecting Target Capital Structure
- Capital Structure and Corporate Taxes - Considerations

Class 18

- Course Wrap-Up

➤ Topics covered

Lesson 14: Dividends, and The Dividend Policy:

- The Concept and the Relevance of the Dividends
- The Impact of the Dividends in the Business Value
- The Types of Dividend
- Other Pay outs

Lesson 16: Short-Term Financial Planning and Management:

- Short-Term Finance and Planning

Lesson 15: Long-Term Financial Policies: Dividend Policy – Other Considerations:

- Stock Splits, and The Strategy in Stock Buyback
- Factors Affecting Dividend Decisions
- Optimum Pay Out Policy for a Business: How is the Dividend Policy Determined

Lesson 17: International Aspects of Corporate Finance

- Country and Political Risk
- The Foreign Exchange Market: FX Risk
- Purchasing Power Parity
- Interest Rate Risk
- International Capital Budgeting: Overseas Project Appraisal

Class 18

- Course Wrap-Up:

- Preparation for the Summative Report

Summative Assessment 1

Objectives: The summative assessment is intended to evaluate analytic and technical skills according to the module learning outcomes. The key to success in this assessment is to use critical reflective skills to research, analyze and evaluate the topics covered in the course.

Guidelines: This is an individual summative assessment. Follow the guidelines and criteria of the assignment, make sure your writing is precise and to the point, and that all sources are adequately referenced. You are requested to choose **One Large-Cap publicly traded Multinational Corporation (MNC) of your own interest and submit a comprehensive case study.**

Each student must have the instructor's approval of the business (via email) before starting the assessment. The case study should consist of about 1,500 +/-10% words, excluding figures and tables, appendices and references covering the following:

Evaluation Criteria – Rubric

1. Executive summary of the report and introduction to the company (5 points)
2. Use the tool of your preference: financial statement analysis, financial ratio analysis or industry analysis to critically assess the business financial performance in 2020 by comparing to the 2019. (10 points).
3. Evaluate the selected corporation's current capital structure (5 points). In your opinion, what is the business /industry optimal capital structure? Please elaborate your answer (10 points). Critically evaluate the reasons for the difference between the industry / ideal capital structure, and provide an example related to your case study (10 points)
4. Critically identify the business most relevant capital budgeting decisions (consider the last 5 years), the chosen method of financing, and the valuation technique used (15 points). Critically explain the relevance of the capital investment decisions and their long-term strategy for sustainability. (15 points)

Class 18

- Course Wrap-Up:

- Preparation for the Summative Report

Summative Assessment 1

Evaluation Criteria – Rubric

5. Case study findings and conclusions (15 points)
6. References and Bibliography (5 points)

Report structure:

- The report should display a coherent structure and be prepared as a neatly typed Word document (Times New Roman 12 points), with double spacing and page numbering.
- Tables or work/data taken from other sources may be included in an appendix.
- All sources must be referenced in the text and a full bibliography must be provided (including visited websites). Paraphrasing or direct quotes taken from other sources must be clearly indicated with citations. No footnoting!
- Students are reminded that depth, relevance and variety are the crucial elements of quality research. □ Websites should only be used if they represent an established source and only for facts and figures. Students should make the most of academic and practitioner books and articles
- Submission should be by the deadline below via VLE

Outline of the report:

- Cover page It includes the School and course names, the case study title, the student's full names, the lecturer's full name and the submission date
- Table of contents It includes all the headings with appropriate page numbers, including References **and** Appendices and, where applicable, the list of tables and figures.

Class 18

- Course Wrap-Up:

- Preparation for the Summative Report

Outline of the report:

Cover page

- It includes the School and course names, the case study title, the student's full names, the lecturer's full name and the submission date.
- *Table of contents*
It includes all the headings with appropriate page numbers, including References and Appendices and, where applicable, the list of tables and figures.
- *Executive summary*
Including a brief description of the corporation (not included in word count), what the case is all about, and the summary of the major points and contributions of the report.
- *Introduction*
It introduces the reader to the case you are going to discuss.
- *Findings and analysis*
See under the Description of the Assignment
- *Conclusions and recommendation*
They recap the main characteristics of the chosen company, draw key insights from the report and suggest, where applicable and meaningful, future developments for the company's business, organisational solutions, and decision-making processes.

Class 18

- Course Wrap-Up:

- Preparation for the Summative Reports

Summative Assessment 2

Objectives:

The summative assessment 2 is intended to evaluate analytic and technical skills according to the module learning outcomes in a group environment. The key to success in this assessment is to negotiate, use critical reflective skills to research, analyze and evaluate the topics covered in the course. In addition to:

Prepare the candidates to review, correct, and strengthen the financial parts of the organization they are part of, and understand the implications of decision and their potential to add value to the firm in a global environment

Guidelines: This is a group project, and the report can be done in teams of 2-3 students. The group will prepare and submit a comprehensive 2000 +/- 10% **report** (excluding figures and tables, appendices and references) of a **Large-Cap publicly traded Global Corporation** of their interest (different from the assessment 1).

All parts listed below will be answered in an essay form based on the analysis of relevant background material and the firm's sources available in the internet. In addition, the group must prepare a 30 min PPT to be presented in W11.

Each team must have the instructor's approval of the business (via email) before starting the report. In case of potential conflict among choices, priority will be given to the group on a "first come first served" basis.

Class 18

- Course Wrap-Up:

- Preparation for the Summative Report-Summative Assessment 2

Evaluation Criteria – Rubric

1. Executive summary of the report and introduction to the company (5 points)	5
2. Using the business annual report, critically assess the business financial performance in 2020 by comparing to 2019 results (5 points), and analysing effect of major global events in the business performance using: a. The cash management policies (working capital), and the short term financial strategy implemented for business sustainability (5 points) b. The inventory management policy (5 points)	5 5 5
3. Analyse the selected corporation's current capital structure, and discuss the repercussion of relevant news, corporate actions, and other general information available in the internet in the company's stock price in the last 5 years. (10 points)	10
4. Select and discuss the business most relevant capital budgeting decisions (5 points). Critically explain the impact of their capital investment decisions and the long-term strategy for sustainability. (10 points)	5 10
5. Analyse and discuss the business dividend policy (5 points); include an analysis of their common stockholder dividend payment (EPS, Dividend Yield) for the last 3 years (10 points), and the impact of the COVID-19 outbreak in their 2020 dividend payment. (10 points)	5 10 10
6. Critical thinking – hypothetical situation: You are the CFO of the corporation, and the business is considering entering or expanding (depending on the case) its presence in Turkey: A. Explain the type's risks inherent to the country and as a CFO provide specific recommendations as to how to mitigate those risks from operating in Turkey. (10 points) B. The business is considering building a facility that will serve as a headquarters for the EMEA region. Critically analyse the factors the business has consider in international capital budgeting when the project is overseas. (5 points)	10 5
7. Report findings and conclusions – is the business in good financial standing: The corporate finance manager strategies and actions are adding value to the investor. Based in the findings, and the information publicly available in the internet, please answer: Would you recommend investing in the company stock? Explain the group rationale (10 points)	10
8. References and Bibliography (5 points)	5

Class 18

- Course Wrap-Up:

- Preparation for the Summative Report

Summative Assessment 2

Grading:

ASSESSED COMPONENT	Grade (out of 100%)
Group written Work	80%
Group Oral Component	20%

Outline of the report:

Cover page

- It includes the School and course names, the case study title, the student's full names, the lecturer's full name and the submission date.
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They recap the main characteristics of the chosen company, draw key insights from the report and suggest, where applicable and meaningful, future developments for the company's business, organisational solutions, and decision-making processes.

Rubric available in the syllabus