

Liverpool John Moores University

Title: CORPORATE & INTERNATIONAL TRADE FINANCE
Status: Definitive
Code: **6006BUSBS** (117065)
Version Start Date: 01-08-2021

Owning School/Faculty: Business and Management
Teaching School/Faculty: Business and Management

Team	Leader
Karl Harper	Y

Academic Level: FHEQ6
Credit Value: 24
Total Delivered Hours: 78
Total Learning Hours: 240
Private Study: 162

Delivery Options

Course typically offered: Standard Year Long

Component	Contact Hours
Seminar	12
Workshop	66

Grading Basis: 40 %

Assessment Details

Category	Short Description	Description	Weighting (%)	Exam Duration
Report	Report	This develops high order skills of analysis and evaluation in relation to Corporate and International Trade Finance whilst also providing an opportunity to provide feedback in order to help students develop, learn and pass the summative assessment.	50	
Report	Report	This is the terminal summative assessment which will allow students to demonstrate and apply the knowledge they have gained throughout the course, demonstrating their skills of analysis and evaluation in a	50	

Category	Short Description	Description	Weighting (%)	Exam Duration
		business setting.		

Aims

This module is designed to enable students to make corporate financial decisions in an increasingly volatile international marketplace in order to increase profitability, maintain liquidity and reduce financial risk.

The module follows the growth of a company from decisions concerning the acquisition of long-term and short-term sources of finance to the evaluation of capital investment and ultimately the international marketplace as the company seeks to expand.

Students will therefore analyse and evaluate:

Cash Flow Forecasts;

Various Sources of Finance (long-term and short-term) and the Cost of Capital using WACC; CAPM & APM;

Capital Investment Appraisal using Payback, ARR, NPV & IRR when capital is rationed internally and externally given the banking crisis of 2008/9;

The risks of trading internationally and how to manage/reduce the risks in particular:

How to win new contracts and the International Bonds/Guaranteed required;

Securing payment using international payments systems such as Collections and Letters of Credit and using Insurance ;

Exchange Rate Risk using internal and external hedging instruments such as Forwards, Futures, Options & Swaps;

Liquidity and International Methods of Finance such as Negotiations & Discounting of Bills.

Learning Outcomes

After completing the module the student should be able to:

- 1 Identify business problems/risks and suggest strategies to reduce/eliminate the risks identified.
- 2 Identify appropriate long-term and short-term sources of finance and use relevant financial data to calculate the cost of capital using WACC; CAPM & APM.
- 3 Forecast Future Cashflows and conduct "What-If Analysis" by developing Financial Models using Excel.
- 4 Analyse investment decisions using Payback, ARR, NPV & IRR.
- 5 Identify and evaluate the risks of international trade and provide supported recommendations to eliminate/reduce the risks with reference to international regulations, terminology and documentary requirements.
- 6 Evaluate the methods to support international trade such as finance, guarantees and bonds.

Learning Outcomes of Assessments

The assessment item list is assessed via the learning outcomes listed:

Report 1	1	2	3	4	5	6
Report 2	1	2	3	4	5	6

Outline Syllabus

- 1. Financial Management & Objectives of the organisation*
- 2. Cash Flow Forecasts*
- 3. Financial Modelling using Excel and "What-If Analysis"*
- 4. Sources of Long-term & Short-term Finance*
- 5. The Cost of Capital – Weighted Average Cost of Capital (WACC)*
- 6. The Cost of Capital – Capital Asset Pricing Model (CAPM) & Arbitrage Pricing Model (APM)*
- 7. Capital Expenditure and Capital Investment Appraisal – Payback, Accounting Rate of Return (ARR), Net Present Value (NPV) and Internal Rate of Return (IRR)*
- 8. Capital Expenditure and Capital Investment Appraisal – Payback, Accounting Rate of Return (ARR), Net Present Value (NPV) and Internal Rate of Return (IRR)*
- 9. Capital Rationing*
- 10. Asset Replacement Cycles*
- 11. The Risks of International Trade Finance*
- 12. Methods of Trading Internationally & International Terms of Trade (Incoterms)*
- 13. Guarantees & Bonds as a means of facilitating trade*
- 14. Export/Import Documentation*
- 15. Securing Payment: - Collections including International Rules for collection, URC 522*
- 16. Securing Payment: - Letters of Credit including Documentary Letters of Credit Uniform Customs & Practice UCP 600*
- 17. Exchange Rate Risk & Risk Management using Internal Methods and Forward Contracts*
- 18. Exchange Rate Risk & Risk Management using External Methods such as Derivates (Futures, Options and Swaps)*
- 19. Derivatives to Manage other Financial Risks, e.g. Interest Rate Risk which will impact on the Cash Forecast and the Cost of Capital/NPV decisions*
- 20. Protection against Credit; Political and Economic risks*
- 21. Finance for Exporters and Importers*
- 22. Case Study Analysis*

Learning Activities

Seminars and workshops evaluating the Case Study on which the course and assessments are based

Notes

This module is designed to provide students with the tools necessary for addressing the needs of an increasingly competitive and international marketplace. It provides students with an understanding of the major financial issues facing companies involved in international trade and the knowledge and skills to identify problems and evaluate/recommend solutions.

COURSEWORK:

Both components are based on a Case Study which develop throughout the year. Students will be asked to prioritise tasks, submit reports and make presentations, work independently and as part of a group and respond to changes in the financial and economic environment

Component 1, worth 50% develops high order skills of analysis and evaluation in a business setting, whilst also providing an opportunity to provide feedback in order to help students develop, learn and pass the summative assessment.

Component 2, worth 50% of the marks is the terminal summative assessment which will allow students to demonstrate and apply the knowledge they have gained throughout the course, demonstrating their skills of analysis and evaluation in a business setting.

The module is fully supported by Blackboard which includes, lecture notes, tutorial style questions & answers, case studies and appropriate internet links and readings.