

Liverpool John Moores University

Title: CORPORATE & INTERNATIONAL TRADE FINANCE
Status: Definitive
Code: **6504HEPBS** (118865)
Version Start Date: 01-08-2011

Owning School/Faculty: Liverpool Business School
Teaching School/Faculty: HELP College

Team	Leader
Karl Harper	Y

Academic Level: FHEQ6
Credit Value: 24.00
Total Delivered Hours: 78.00
Total Learning Hours: 240
Private Study: 162

Delivery Options

Course typically offered: Standard Year Long

Component	Contact Hours
Lecture	26.000
Tutorial	52.000

Grading Basis: 40 %

Assessment Details

Category	Short Description	Description	Weighting (%)	Exam Duration
Report	Report	Coursework Plan - This is primarily designed to engage students in active learning and to provide diagnostic and formative feedback at an early stage in order to help students develop, learn and pass the later, more detailed assessment.	10.0	
Report	Report	International Finance - 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	50.0	

Category	Short Description	Description	Weighting (%)	Exam Duration
		business setting.		
Report	Report	Corporate Finance - This develops high order skills of analysis and evaluation in relation to Corporate Finance whilst also providing an opportunity to provide feedback in order to help students develop, learn and pass the summative assessment.	40.0	

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:

- LO 1 Identify business problems/risks and suggest strategies to reduce/eliminate the risks identified.
- LO 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.
- LO 3 Forecast Future Cashflows and conduct "What-If Analysis" by developing Financial Models using Excel.
- LO 4 Analyse investment decisions using Payback, ARR, NPV & IRR.
- LO 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.

LO 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	LO		
	1		
Report	LO	LO	LO
	2	3	4
Report	LO	LO	
	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

Formal lectures, workshops evaluating case studies and tutorials.

References

Course Material	Book
Author	Brealey, R A, Myers, S C and Allen, F
Publishing Year	2008
Title	Principles of Corporate Finance
Subtitle	
Edition	9th edition
Publisher	McGraw Hill/Irwin
ISBN	

Course Material	Book
Author	Ross, S A, Westerfield, R W and Jordan B D
Publishing Year	2008
Title	Fundamentals of Corporate Finance
Subtitle	
Edition	8th edition
Publisher	McGraw-Hill
ISBN	

Course Material	Book
Author	Collyer, G
Publishing Year	2008
Title	Finance of International Trade
Subtitle	
Edition	9th edition
Publisher	ifs School of Finance
ISBN	

Course Material	Book
Author	Anders, G
Publishing Year	2008
Title	Handbook of International Trade
Subtitle	The Complete Guide to Risk Management, International Payments and Currency Management, Bonds and Guarantees, Credit Insurance and Trade Finance
Edition	
Publisher	E Book

ISBN	
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Course Material	Book
Author	Lumby, S and Jones, C
Publishing Year	2003
Title	Corporate Finance Theory and Practice
Subtitle	
Edition	7th edition
Publisher	Thompson
ISBN	

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:

Component 1 is primarily designed to engage students in active learning, to provide diagnostic and formative feedback at an early stage in order to help students develop, learn and pass the summative assessment.

Component 2 develops high order skills of analysis and evaluation in relation to Corporate Finance whilst also providing an opportunity to provide feedback in order to help students develop, learn and pass the summative assessment.

Component 3, 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 questions & answers and appropriate internet links and readings.