



MARBELLA  
INTERNATIONAL  
UNIVERSITY  
CENTRE

# Module Study Guide

Academic Year 2022–2023

Academic Partner: Marbella International  
University Centre

Fundamentals of Business

Level: 3

Credits: 10 ECTS

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## Key team contact details

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# 1 Module overview

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## 1.1 Introduction

Welcome to the module Fundamentals of Business!

The module provides an overview and understanding on the current issues and challenges facing today's businesses, including small domestic firms and large multinational firms, as well as start-up and matured firms.

In this module, you will be required to undertake several assignments which will be posted on learning platform. These tasks will develop your analytical skills and build on your self-study. As this module combines analytical tools with practical applications, you will find yourself gaining the skills needed for your further study and future career.

## 1.2 Module summary content and aims

The primary objective is to enable you to improve the understanding the basic mechanism of business operations, including manufacturing, marketing and financing in a competitive and dynamic market. You will learn basic leadership skills in terms of corporate governance which provide a good foundation for their following studies in international business management.

Upon completion of this module you will recognise the fundamentals of current business operations, understand basic financial information and the changing roles of the manager in today's workplace, and how these all affect a firm's value creation.

The module will be taught through weekly lectures and seminars. In the lecture, the main concepts and ideas will be explained by the module leader, and the seminars will provide the space to discuss the compulsory readings and cover examples from the case studies. It is essential that you engage fully with your self-study week as the taught sessions will rely on the readings you will have completed previously. The module will have its own MIUC Ims page on which you will access readings, sources and new pieces of information relevant to the case.

### Expectations

#### Specific expectations students can have of tutors:

- Constructive formative feedback on draft for the assessment (not including written examination, oral assignment).
- Slides and learning materials made available on the learning platform.
- Assessment marks and summative feedback given within fifteen working days from the assessment submission deadline.

#### Specific expectations tutors will have of students:

- Attend all teaching and activity sessions.
- Behave professionally in classes and avoid disruption to class and other students.
- Inform module leader via email and fill out the absence notification/justification form online beforehand when not able to attend any classes.

- Participate and communicate professionally in class and with module leader.
- Attempt all assessments by submission deadline and communicate with the module leader if there are any extenuating circumstances to explore extensions requests and/or mitigation claims.

### 1.3 Learning outcomes to be assessed

At the end of the module, you will be able to:

**LO1.** Define the most basic business concepts and describe the most common corporate organisational structures.

**LO2.** Identify the advantages and disadvantages of various financing sources taking into account a firm's life cycle.

**LO3.** Recognise the agency problem in businesses and select an appropriate solution to it in a well-defined scenario.

**LO4.** Extract information from a business' financial statements

### 1.4 Indicative Contact Hours

Teaching Contact Hours	56 hours
Independent Study Hours	144 hours
Total Learning Hours	200 hours

## 2 Assessment and feedback

### 2.1 Summative assessment grid

Type of Assessment	Word Count or equivalent	Weighting	Pass Mark	Indicative Submission week	Method of Submission & Date of Feedback
A1: Written Examination (In-class exercise 1)	n/a	10%	40	Week 4 (Date and Time TBC)	Via MIUC LMS (NEO)&15 working days after the assessment
A2: Written Examination (In-class exercise 2)	n/a	10%	40	Week 7 (Date and Time TBC)	Via MIUC LMS (NEO)&15 working days after the assessment
A3: Written Examination (In-class exercise 3)	n/a	10%	40	Week 10 (Date and Time TBC)	Via MIUC LMS (NEO)&15 working days after the assessment
A4: Written Examination (In-class exercise 4)	n/a	10%	40	Week 13 (Date and Time TBC)	Via MIUC LMS (NEO)&15 working days after the assessment
A4: Written Assignment Case Study	1500 words (+/-10%)	60%	40	Week 15 (Date and Time TBC)	Via MIUC LMS (NEO)&15 working days after the assessment

### Assessment Support

Assessment (insert below type of assessment as per the table above)	Teaching Weeks in which Assessment Support Takes Place (enter each week no. in a new row)	Outline of Type and Form of Assessment Support to be Provided	Student Preparation Required Prior to or After the Support Session	How will the Support Session be Delivered
A4: Written Assignment Case Study	Week 13 and 14	Feedback of the draft	Before: send the draft in week 13 After: implement the feedback provided	Feedback on draft via NEOImS

## 2.2 Assessment brief – Assessments and learning outcomes

### 2.2.1 Assessment 1: In-class Exercise (1)

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This assessment aims to assess your understanding of various business structures and the advantages and disadvantages of each structure. There will be three short answer questions.

**Assessment criteria for Assessment 1** (LO1 will be assessed)

These assessments will be marked according to the following criteria:

- **Knowledge and Understanding (100%):** Students need to define the most basic business concepts and describe the most common corporate organisational structures and their respective advantages and disadvantages.

### 2.2.2 Assessment 2: In-class Exercise (2)

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This assessment will assess your understanding of a start-up company's challenges and choices in financing. There will be two short answer questions.

**Assessment criteria for Assessment 2** (LO2 will be assessed)

These assessments will be marked according to the following criteria:

- **Cognitive Skills (100%):** Students will need to identify the advantages and disadvantages of various financing sources taking into account a firm's life cycle.

### 2.2.3 Assessment 3: In-class Exercise (3)

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This assessment will assess your skills in comparing various financing sources and selecting the optimal one in a given scenario with the existence of agency problems. There will be 5 True/False questions.

**Assessment criteria for Assessment 3** (LO3 will be assessed)

These assessments will be marked according to the following criteria:

- **Practical/Professional Skills (100%):** Students need to recognise the agency problem in businesses and select an appropriate solution to it in a well-defined scenario.

### 2.2.4 Assessment 4: In-class Exercise (4)

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This assessment will assess your transferable and professional skills in extracting financial information before and after a firm's M&A decision and compare the performances of the firm. There will be two short answer questions.

**Assessment criteria for Assessment 4** (LO4 will be assessed)

These assessments will be marked according to the following criteria:



- **Transferable Skills (100%):** Students need to extract information from a business' financial statements for conducting simple comparative statics and identify the motivation of business decision-making.

## 2.2.5 Assessment 5: Case Study

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At the end of the module, you will deliver a written business case analysis individually. This will encourage you to engage in real life examples and familiarise the tools and solution to business challenges nowadays, rather than only pursuing a purely theoretical understanding of business.

**Assessment criteria 5: Case study** (LO1, LO2, LO3 and LO4 will be assessed)

These assessments will be marked according to the following criteria:

- ❖ **Knowledge and Understanding (20%):** Students need to summarise the characteristics of the company and identify its distinct features among other competitors.
- ❖ **Cognitive Skills (35%):** Students will need to explain why the company makes such strategies, including minimum viable product development, pricing strategy, outsourcing strategy
- ❖ **Practical/Professional Skills (35%):** Students need to identify the challenges and opportunities the company faces
- ❖ **Transferable Skills (10%):** Students need to communicate in a clear manner given the word count requirement and use Harvard Referencing system.

More detailed instructions to all assessments will be provided in the assessment guideline which will be available on NEOlms.

For guidance on online submission of assignments, including how to submit and how to access online feedback, please refer to the MIUC LMS student guideline

### Formative assessments

In order to get prepared for A1 (the Case Study), we will see a few examples in class. Additionally, you can schedule a private session to ask doubts, and submit a draft of the case study for obtaining feedback before the final submission.

### Employability Skills

This assessment covers the following employability skills, which you could demonstrate on your CV and at job interviews if you successfully pass the assessment:

- Communication
  - Writing
- Problem solving
- Take initiative and self-motivating
- Can work under pressure and to deadline
- Industry/commercial aware
- Time management
- Intellectual curiosity

- Global/cultural awareness

## 2.3 Learning materials

The reading list for this module is available on the module page of MIUC learning platform.

### Core textbook(s):

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- Baranoff, E. Z., Brockett, P. and Kahane, Y. (2014). *Risk management for enterprises and individuals*. Irvington, New York: Flat World Knowledge.
- Gaughan, P. A (2017). *Mergers, Acquisitions, and Corporate Restructurings*. Wiley
- Horne, J. V. and Wachowicz, J. M. (2009). *Fundamentals of Financial Management*. Pearson.
- Skripak, S.J. and Poff, R (2020). *Fundamentals of Business*, 3rd Edition, Blacksburg, VA: VT Publishing. <http://hdl.handle.net/10919/99283>
- Spullber, D. F. (2009). *The Theory of Firm: Microeconomics with Endogenous Entrepreneurs, Firms, Markets, and Organizations*. Cambridge University Press

### Other recommended reading:

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- Čalopa, M., Horvat, J. and Lalić, M. (2014) Analysis of Financing Sources for Start-up Companies. *Management : Journal of Contemporary Management Issues*, 19(2).pp. 19-44
- Hofstrand, D. (2013) Types and Sources of Financing for Start-up Businesses. Available at: <https://www.extension.iastate.edu/agdm/wholefarm/html/c5-92.html> (Accessed: October 25, 2018).
- Cherif, M. and Elouaer, S. (2008). "Venture Capital Financing: A Theoretical Model". *The Journal of Applied Business and Economics*, 8(1), 56-81. pp. 56-81.
- Blank (2013), Why the Lean Start-Up Changes Everything? Harvard Business Review. Available at: <https://hbr.org/2013/05/why-the-lean-start-up-changes-everything> (Accessed: October 25, 2018)
- Ladd (2016). The Limits of the Lean Startup Method. Harvard Business Review. Available at: <https://hbr.org/2016/03/the-limits-of-the-lean-startup-method> (Accessed: October 25, 2018)
- Madura, J. and Fox, R. (2014) *International Financial Management*. 3rd Edition. Cengage Learning EMEA
- Prezas, A. P. and Simonyan, K. (2015) Corporate Divestitures: Spin-Offs vs. Sell-Offs. *Journal of Corporate Finance*, Vol. 34. pp. 83-107

**Remember to log into MIUC LMS (NEOLMS) daily to receive all the latest news and support available at your module sites!**

All students are automatically members of the MIUC Library and can use the services provided by the library and have free access to its collection.

The collection is composed of specialised resources in the following subjects: International Business, International Relations, Journalism & Mass Media, Marketing & Advertising, Psychology, and Sport Management. Users can find reference books, monographs, journals, electronic resources (e-books, CDs, DVDs, and Blu-ray) and databases.

The largest numbers of items for each discipline are monographs and reference works, which are approximately 1600 volumes. Moreover, the audio-visual collection is approximately 400 volumes.

At the same time, our electronic library offers a collection of digital resources to the MIUC community. The collection can be categorised into 4 areas:

- Databases: provide full-text, secondary information or bibliographical references of articles, books, reports, and other publications.
- Electronic Journals: journal subscribed by the MIUC.
- Electronic Books, Dictionaries and Encyclopaedias: full-text books and book collections.
- LibGuides ([MIUC learning platform](#) → [Library](#) → [LibGuides](#)): electrical resources organised by fields of knowledge which are available to help you find relevant information for assignments

Remember, all your work must have Academic Integrity; it must be an honest and fair submission, complying with all the requirements of the assessment, that properly references and credits any other people's work you have used. Failure to meet these standards of behaviour and practice is academic misconduct, which can result in penalties being applied under the Academic Offences Regulations.

## 3 Things you need to know

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### 3.1 Our Expectations

You are expected to behave in accordance with the MIUC Student Code of Conduct and treat others with kindness and respect whether at university or online. It's important to consider your safety and the safety of others around you, especially how to stay safe online and ensure your communications are secure and appropriate.

Whether you are engaging with teaching and learning activities onsite or online, we expect the same level of commitment and engagement from you. If you are unable to attend scheduled onsite or online activities, or complete activities in the time frames set out and have a solid reason for your absence to be justified, please fill out absence notification form.

You should aim to meet assessment deadlines; if you are concerned that you will not be able to complete your assessments on time, please fill out extenuating circumstances request. Your engagement, whether online or onsite, will be tracked and if we see that you are not engaging, we will get in contact with you.

Please remember that we are here to support you so if you are having problems, let us know so we can work with you to find solutions and get you back on track as soon as possible. Give yourself the best possible chance to succeed by engaging with the full range of learning and teaching activities available to you.

### 3.2 Getting Support

#### 3.2.1 Personal Tutors, Module Leaders, Subject Librarians, and Course Leaders

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Your Personal Tutor can help if you're worried about your studies, need academic advice, or want to find the best way for you to succeed.

Your Module Leader can help if you're struggling with work, don't think you can meet a deadline, or there was something you didn't understand or want to know more about.

Your Librarian can help you with finding, evaluating, reading, and referencing sources. They offer drop-ins and workshops throughout the year.

Your Course Leader can help with any questions about the course you're studying, such as any course-specific requirements or options.

#### 3.2.2 Student Support

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Students at MIUC will receive the following support:

- MIUC provides every student coaching services for personal and professional development to unlock their potential and maximise their performance. Students will attend the individual sessions scheduled with Life Coach at the beginning of each semester.
- Personalised learning supported through the provision of materials, resources, and recorded lessons direct to students via VLE on the web.

- Workshops on academic skills offered throughout the semester. Besides regular workshops, students can also seek individual academic support (including research skills, ICT literacy) by making appointments with the workshop tutor.
- Through the personal tutorial system – the primary role of the personal tutor is to support students' personal development planning together with the life coach. Tutors and life coach are always reachable in person and via email.
- Through the curriculum – all course team members are personal tutors and support the personal development process with their tutees.
- Through counselling service – MIUC offers counselling services to all students. Depending on an initial psychological evaluation, the university counsellor will develop the most effective treatment plan to adequately address any concerns at hand.
- Through internship support - internships can take place domestically or internationally. Students will learn to work individually, as well as in a team. They also will be exposed to a dynamic global environment that will help them learn to manage challenge and uncertainty in real world.
- Through extracurricular activities - Student Life Department offers students a wide variety of thrilling trips and extracurricular activities providing great opportunities for networking.

### 3.2.3 Meeting Deadlines

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You should always try your best to submit your work on time. If you submit coursework late, within 10 calendar days of the deadline, then the maximum mark you will be able to get for that work will be the pass mark. Anything submitted after this would be counted as a non-submission.

We understand that there may be times when you experience circumstances outside of your control that mean you are not able to submit on time. It's a good idea to talk your Module Leader if you're not going to be able to submit on time so that they can support you and make you aware of any services that can help.

Where exceptional circumstances mean you'll be submitting your coursework late, you can request an extension before your deadline. An extension means that the penalty for submitting up to 10 calendar days late will not apply.

If your circumstances are so serious that you are not able to submit at all or are unable to attend an in-person assessment like an exam or in-class test, then you can request mitigation for the assessment. Mitigation means that you can submit work at the next available attempt instead.

If you request an extension or mitigation before the deadline you can choose to self-certify, meaning that you do not have to provide evidence, so long as you provide a valid reason for the request. You can only self-certify three assessments per academic year. If you have used all your self-certification opportunities, or requested mitigation after the deadline, you will need to provide evidence of your exceptional circumstances for your request to be granted.

To apply for an Extension or Mitigation, please use the following links:

- Extension <https://forms.gle/RZyp1aBJWKwwU6wWA>
- Mitigation <https://forms.gle/iX8FEqUysGRqLHP36>

## **3.3 Making an Impact**

### **3.3.1 When there's an issue**

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If something's negatively impacting your experience at university, you should raise this informally with your Module Leader or Course Leader.

We aim to ensure that any issues are resolved as quickly as possible to have minimum impact on your studies.

### **3.3.2 Module Evaluation Surveys**

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Towards the end of the module, you will be invited to provide some anonymous feedback to the Module Leader through an online survey. This is your opportunity to give direct feedback about the module through a series of questions and free text.

Your constructive feedback will help the Module Leader and teaching team to understand the module experience from your perspective and helps inform the development of the module. At the end of the survey period, a response to the survey will be available so that you can see the impact your voice has had.

## 4 Appendix: Weekly Content

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### **Week 1**

Key concepts/issues: Module organisation, structure and assignments

Literature for this session:

- Spullber, D. F. (2009). *The Theory of Firm: Microeconomics with Endogenous Entrepreneurs, Firms, Markets, and Organizations*. Cambridge University Press
- The Economist. (n.d.). Why do firms exist? [online] Available at: <https://www.economist.com/the-economist-explains/2017/09/18/why-do-firms-exist> (Accessed 16 Feb. 2020).

This week you will be introduced to the module organization, structure and assignments. You will explore the time commitments you will need to make and the skills you will develop through the duration of the module.

It will also cover the basic concepts of the separation of consumer and firm objective and the efficiency gains obtained by the formation of firms will be discussed.

### **Week 2**

Key concepts/issues: Sole proprietorship, Partnership, Corporation

Literature for this session:

- Skripak, S.J. and Poff, R (2020). *Fundamentals of Business*, 3rd Edition, Blacksburg, VA: VT Publishing. <http://hdl.handle.net/10919/99283>
- Spullber, D. F. (2009). *The Theory of Firm: Microeconomics with Endogenous Entrepreneurs, Firms, Markets, and Organizations*. Cambridge University Press
- Roberts, M.J. (2004). *Legal Forms of Organization*. Harvard Business Publishing Education.

In this week, students will recognise the importance of entrepreneurs in our economy. This week introduces students to the basic concepts of entrepreneurship and their decision making process.

### **Week 3 and 4**

Key concepts/issues: setup costs, credit rationing, debt vs. equity

Literature for this session:

- Horne, J. V. and Wachowicz, J. M. (2009). *Fundamentals of Financial Management*. Pearson.
- Hofstrand, D. (2013) *Types and Sources of Financing for Start-up Businesses*. Available at <https://www.extension.iastate.edu/agdm/wholefarm/html/c5-92.html> (Accessed: 8 February 2019)
- The Economist. (2021). *Why the world is addicted to debt*. [online] Available at: <https://www.economist.com/the-economist-explains/2015/05/17/why-the-world-is-addicted-to-debt> (Accessed 28 January 2021).

- The Economist (2009) *Debt or Equity?*[online] Available at: <https://www.economist.com/buttonwoods-notebook/2009/03/26/debt-or-equity> (Accessed 28 January 2021).
- The Economist (2015) *The Great Distortion*[online] Available at: <https://www.economist.com/leaders/2015/05/16/the-great-distortion> (Accessed 28 January 2021).
- Čalopa, M., Horvat, J., & Lalić, M. (2014). 'Analysis of financing sources for start-up companies'. *Management : Journal of Contemporary Management Issues*, 19, 19-44.

In this week, we will study entrepreneurs' entry decision which is affected by the setup cost, such as regulation constraints, financial constraints. In particular, we will study the advantage and disadvantage of debt financing, including tax benefit, bankruptcy cost, management control, etc.

## **Week 5 and 6**

Key concepts/issues: Private equity financing

Literature for this session:

- Horne, J. V. and Wachowicz, J. M. (2009). *Fundamentals of Financial Management*. Pearson.
- Cherif, M. and Elouaer, S. (2008). 'Venture Capital Financing: A Theoretical Model'. *The Journal of Applied Business and Economics*, 56-81.
- The Economist (2015) *Cool, man – Crowdfunding*[online] Available at: <https://www.economist.com/special-report/2015/05/07/cool-man> (Accessed 28 January 2021)
- The Economist (2015) *The Stars are the Limit* [online] Available at: <https://www.economist.com/business/2015/02/12/the-stars-are-the-limit> (Accessed 28 January 2021)

In this week, we will study entrepreneurs' entry decision which is affected by financial constraints. In particular, we will study the most important source of start-up finance – venture capital finance, and discuss the advantages of VC financing relative to bank loans.

## **Week 7 and 8**

Key concepts/issues: Cost of debt and Equity

Literature for this session:

- Horne, J. V. and Wachowicz, J. M. (2009). *Fundamentals of Financial Management*. Pearson.
- Ellis, K., Michaely, R. and O'Hara, M (1999). A Guide to the Initial Public Offering Process. Available at: <http://forum.johnson.cornell.edu/faculty/michaely/guide.pdf> (Accessed: 8 February 2019)

We will first study how to evaluate cost of capital private firms. After a successful Initial Public Offering, a firm becomes public. As a public firm, it has better opportunities to access to external finance, both debt and equity. We will then study how to value the stock and bond and determine the cost of capital for the firm. Finally, we will also discuss briefly how agency costs could play a role in determining the capital structure.



## **Week 9 and 10**

Key concepts/issues: Lean startup firms, Validated learning, Build-Measure-Learn loop

Literature for this session:

- Eisenmann, T. R., Ries, E. and Dillard, S. (2011) 'Hypothesis-driven Entrepreneurship: The Lean Startup'. *Harvard Business School Background Note 812-095*
- Blank (2013) 'Why the Lean Start-Up Changes Everything?' *Harvard Business Review* Available at: <https://hbr.org/2013/05/why-the-lean-start-up-changes-everything> (Accessed: 8 February 2019)
- Ladd (2016) 'The Limits of the Lean Startup Method'. *Harvard Business Review*. Available at: <https://hbr.org/2016/03/the-limits-of-the-lean-startup-method> (Accessed: 8 February 2019)

We will study the new business model for startups - lean startup method this week. Compared to a traditional business plan, the lean startup method aims to reduce the cost, time, as well as the failure rate when launching a new business or a new product. We will examine the main principles of this method and we will use real-life examples to see how this method works. Furthermore, we will also examine the limitations of this method in practice.

## **Week 11**

Key concepts/issues: Risk management, Portfolio Theory, Diversification, Option contracts, Exchange Rate Risk

Literature for this session:

- Baranoff, E.Z., Brockett, P. and Kahane, Y. (2014). *Risk management for enterprises and individuals*. Irvington, New York: Flat World Knowledge.
- Horne, J. V. and Wachowicz, J. M. (2009). *Fundamentals of Financial Management*. Pearson.
- T. Rowe Price Information Library (n.d.) *Managing Risk through Diversification*. Available at <https://individual.troweprice.com/staticFiles/Retail/Shared/PDFs/Insights/ManagingRiskThroughDiversification.pdf> (Accessed: 8 February 2019)

In this week, we will examine the benefit and costs of diversification. Moreover, we will study the additional risk management tools commonly used by firms such as option contracts. Finally, we will discuss the extent of risk minimization through diversification by introducing the concepts of unsystematic and systematic risk. We will also focus on multi-national firms and their influences on today's trade. When a firm expands to be a multi-national firm, it faces a bigger market and has more opportunities. However, this also is accompanied by more risk, particularly, the exchange risk. We will study how a multi-national firm manages this risk.

## **Week 12 and 13**

Key concepts/issues: Merger and acquisition decision making

Literature for this session:

- Gaughan, P. A (2017). *Mergers, Acquisitions, and Corporate Restructurings*. Wiley
- The Economist (2016) *Global mergers and acquisitions*. Available at: <https://www.economist.com/economic-and-financial-indicators/2010/07/01/global-mergers-and-acquisitions#print> (Accessed: 8 February 2019)

- The Economist (2014) *The new rules of attraction*, Available at <https://www.economist.com/business/2014/11/14/the-new-rules-of-attraction> (Accessed: 8 February 2019)
- The Economist (2014) *Return of the big deal*. Available at <https://www.economist.com/business/2014/05/01/return-of-the-big-deal> (Accessed: 8 February 2019)

Some firms decide to expand through merger and acquisition. In this week, we will understand the factors that affect firms' merger and acquisition decision. We will also study basic valuation method commonly used when M&A occurs.

### **Week 14**

Key concepts/issues: Basic financial statement interpretation

Literature for this session: Lecture notes provided by the lecturer

In this week, we will study basic accounting concepts; in particular, we will understand how to read a financial statement.