### Corporate Financial Strategies

**Assignment question**

Conduct a comprehensive evaluation of a recently reported corporate event

relating to the change in capital structure of companies

###### Learning outcomes assessed

In the report, you are expected to

* Critically review the literature on issues examined in your analysis, and apply Harvard referencing to the literature that you cite;
  + - Discuss the background of the companies that you have chosen for your analysis with respect to their capital structure. The discussion should contain, at the least, a description of the capital structure adopted by the companies for 3-5 years and the market environment where the companies are operating. You may choose companies from any economy and market where company accounts data is readily available.

When evaluating the changes in capital structure, you will, but are not limited to:

1) assess the financial performance of the company before and after the changes took place by comparing financial ratios that measure the company’s operational performance;

2) discuss the financial implications for the key stakeholders of the firm; for example, shareholders and creditors;

3) analyses and evaluate the reasons for these changes and discuss the pros and cons of such changes.

In your analyses, you are also expected to discuss the factors that may have influenced the changes in capital structure, such as the company’s characteristics; the characteristics of the industry in which the company operates; the functions of the financial sector (such as financial institutions and equity markets); market conditions prevailing surrounding the time of the changes, and macroeconomic policies, such as tax policy. In addition, you will need to conduct an analysis of cost of using retained capital in comparison to the cost of debt, cost of equity and average cost of capital, with those of other companies in the same industrial group, using graphs or charts.

* + - Discuss how far your discussion is reflected in the most recent literature with respect to capital structure.
    - Reach well-argued conclusions and make policy suggestions, if any, in your summary.

Data sources

* FAME (companies in the UK and Ireland)
* DataStream
* OSIRIS
* Wind Financial Terminal (companies in China including Hong Kong)
* Annual reports from companies websites

**Submission of the project report**

The submission has to adopt the following formatting conventions:

* The maximum word count of the work should not exceed 2,500, excluding the title page, contents page, tables, figures and appendices.
* The work should be written in simple, direct English using an academic style, and without journalistic hyperbole.
* Pagination: each page is to be numbered consecutively from 1, except for the first.
* The first page will be your title page and the second page a contents page.
* The title page should contain the title and the word count, as well as your name, student ID and email address.
* The body of contents is to be broken down into sections in numerical order.
* Minimum font size is Times Roman 12 point or equivalent, with double or 1.5 line spacing.
* Text is to be left and right justified.
* Tables and figures have to have a title and must be numerically labelled. If practicable, they are to be placed in close proximity to the relevant text, or, if large, exhibited following the conclusion.
* All external sources of information are to be cited using Harvard referencing. Complete details of all citations are to be organized in alphabetical sequence under the “List of References”.
* Equations such as formulas should be entered using an equation editor, and numbered. Complex derivations should be assigned to an appendix.