



DEPARTMENT OF ACCOUNTING AND FINANCE

AG312 ADVANCED CORPORATE FINANCE & FINANCIAL MARKETS

2023/24 SEMESTER 1

CLASS OUTLINE

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Introduction

The class will cover financial markets, institutions, and instruments, process of financing of a corporate entity and some specialist topics (such as convertibles, real options, mergers and acquisitions international project appraisal) that are relevant for corporate decision making.

Syllabus overview

- Introduction to financial markets
- Introduction to investment banking and banking
- Overview of options from the point of view of corporate finance
- Real option pricing
- Hybrid capital
- International capital budgeting
- Introduction to Mergers and Acquisitions
- Discussion of research methods

Pre-requisites

AG215 Business Finance or Equivalent

Intended learning outcomes

The following learning outcomes will contribute to your self-analysis and reflection in your Student's Personal Development Planning (SPDP). These learning outcomes will be assessed using the methods explained in the "Assessment" section in this Outline.

Subject-specific knowledge and skills

On completing this class the student will have the ability to:

- Understand the reasons for the existence of financial markets and institutions and their roles.
- Be familiar with the working of investment banking, equity, debt, currency and derivative markets
- Understand the nature of financial regulation and the reasons for it
- Understand how financial instruments are issued in the markets
- Understand the theories, process and potential implications of mergers and acquisitions.
- Understand the issues that are relevant for making an investment decision in foreign markets.
- Understand some of advanced issues in corporate finance such as real options, warrants and convertibles, event study methods etc.

Cognitive abilities and non-subject specific skills

During the class you will:

- Develop problem solving skills.
- Develop skills on report writing
- Develop analytical skills in problem solving

Teaching

The Department of Accounting and Finance is returning to on campus, in person examinations in all modules.

This class comprises of weekly 2-hour lectures and 2-hour workshops (for 10 weeks) and 1-hour tutorials (for 5 weeks).

Achievement of learning outcomes

The achievement of learning outcomes will be measured through the group assignment and the final exam. The proposed group work covers a number of above principles, such as managing time & effort, encourage interaction and dialogue around learning, facilitate the development of self-assessment and reflection in training, support the development of learning communities, provide information to teachers that can be used to shape teaching. Since we will be giving feedback on the work it will help clarify what good performance is and provide opportunities to close any gap between current and desired performance. The final exam also will cover most of the above.

Assessment

40% Group Assignment: Group essay and presentation with the deadline in November 2023 (TBA).

60% Final Exam: 3-hour written exam in December 2023 (TBA)

Private study

The expectation is that the standard study time (including attendance at lectures, workshops and tutorials, self-study and revision) is a minimum of 100 hours.

The link below provides information about on-campus study space for private study, which you might find helpful:

<https://www.strath.ac.uk/professionalservices/library/findaplacetostudy/>

Teaching details

LECTURE PROGRAMME

Lecture 1. Introduction to Financial Markets and instruments

Lecture 2. Investment banking and issuing of new securities

Lecture 3. Banking regulations and risk management of banks

Lecture 4. Real Options: Introduction

Lecture 5. Real Options: Valuation (Debt, Equity, Derivatives markets, and Instruments)

Lecture 6. Real Options: Valuation

Lecture 7. Convertible bonds

Lecture 8. International capital budgeting / Introduction to M&As

Lecture 9. Mergers and Acquisitions

Lecture 10. Event Study method

WORKSHOP PROGRAMME

Workshop 1. Introduction to Financial Markets and instruments (*continue*)

Workshop 2. Investment banking (*continue*)

Workshop 3. Banking regulations (*continue*)

Workshop 4. Securitized lending

Workshop 5. Shadow banking

Workshop 6. Regulations of shadow banking

Workshop 7. Financial Crisis of 2007/2008

Workshop 8. Group presentation and essay submission

Workshop 9. Q&As

Workshop 10. Exam revision

SCHEDULE

Lectures and Workshops: 2-hour lecture (Tuesday 15:00 – 17:00) plus 2-hour workshop (Thursday 15:00 – 17:00) per week for ten weeks.

Tutorials: 1-hour tutorial sessions are hosted fortnightly starting in week 3 (Weeks 3, 5, 7, 9 and 11). In these sessions, you prepare assigned homework (e.g. problem-solving), and the solutions of which are reviewed in class.

Please note that each student must sign up for ONE tutorial time. You **MUST** attend your allocated tutorial time. If you need to attend a different tutorial in one week due to medical or exceptional circumstances, you must request to do this by emailing sbs-accfin-admin@strath.ac.uk as the UG office must authorise this. Please do not email your tutor or class lecturer for this.

Attendance at tutorials is compulsory and will be monitored. If your attendance is unsatisfactory then you will receive a warning letter, which will be retained in a departmental file.

If you are absent from a tutorial or lab please email sbs-accfin-admin@strath.ac.uk. If you are absent due to medical reasons please submit medical evidence or self-certificate to Student Business, McCance Building.

Myplace: the online system you need to use weekly. Here you can find all lecture materials, help for your assignment.

Office hours: two hours of office/advice hours per week for ten weeks on Tuesday (Ellie 13:30 – 14:30 or by appointment) and Thursday (Devraj, by appointment).

Contacts

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Assessment details

Coursework and Examination

It is a requirement for course completion to submit all parts of the class assessment. Non-submission of any part will result in an overall mark of zero being awarded for the class.

40% Group Assignment: Consists of group presentation and group essay submission. Essay with the word limit of [4,000] words, not including references and back matter. The essay submission deadline is in November 2023. Detail to be provided.

60% Final Exam: 3-hour written exam in December 2023. The exam will have six questions, and you are required to answer a total of three questions from six.

The Department of Accounting and Finance is returning to on campus, in person examinations in all modules. To support you in your exam preparation in this module we will:

Students will receive assessment-type questions with model answers and notes and guidance on answering different types of questions. Students will be taken through a typical examination and provided with guidance on how to answer exam-style questions.

Links that you may find useful for exam preparation and success:

- Study skills: <https://www.strath.ac.uk/professionalservices/is/help/skillsboost/>
- Disability and wellbeing
<https://www.strath.ac.uk/professionalservices/disabilityandwellbeing/>
<https://www.strath.ac.uk/sees/studentssupportwellbeing/>
- Library Lounge: Virtual Study Sessions:
<https://bookings.strath.ac.uk/Home/Course/5713>

Please note that if you are required to re-sit, the module assessment will be a three-hour examination.

Resit policy

1. Students who have failed a class will be given the opportunity to resit the class during the August resit diet.

Compensation scheme

The Faculty Compensation scheme is as follows:

- Where a student has a weighted average of at least 45% (pass) across all classes, and class(es) for which the mark is 30-39% (fail), the failed class(es) will be deemed to have been passed by compensation.

[POLICY ON Compensation Scheme \(strath.ac.uk\)](#)

Feedback

The standard turnaround time for all feedback and marking within SBS is 15 working days from assessment submission.

The University policy on Assessment and Feedback is available here:

Reading list and resources

MyPlace

Copies of lecture slides and other resources (lecture notes, tutorial questions and solutions) are available on Myplace. Please check this unit Myplace site regularly for updates.

Your Questions

Questions relating to course material sent to the lecturer by email will be compiled (anonymously) on one file together with the reply. This help ensure all students receive equal support. All questions and answers can be found in a file called “Your Questions” on MyPlace. Questions where you have difficulty understanding a concept are very welcome. Please do not send questions for which it is easy for you to use textbooks or Google to look up the answer. I will reply to such questions by asking you to look up the answer.

Recommended textbooks

The unit will provide readings from various sources for each main section. These will be drawn from textbooks and academic and professional journal articles (Please look at each folder on *Myplace*). The following textbooks will cover most of the essential reading materials:

Hillier, D., Grinblatt, M., and Titman, S. (2012), *Financial Markets and Corporate Strategy*, Second European Edition, McGraw-Hill.

Hillier, D., Ross, S., Westerfield, R., and Jaffe, J. (2010) *Corporate Finance*, Second European Edition, McGraw-Hill.

Timothy W. Koch and S. Scott MacDonald (2015), *Bank Management*, 8th Edition,

Good luck! We hope you enjoy learning about advanced topics in corporate finance.