

DEPARTMENT OF ACCOUNTING AND FINANCE
AG312 Advanced Corporate Finance & Financial Markets
2021/22 SEMESTER 1

Names of lecturers: Devraj Basu
Telephone extensions: 3229
E-mail addresses: devraj.basu@strath.ac.uk

Course Tutors: TBA

CLASS DESCRIPTION: 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.

CLASS AIMS The aim of the class is to provide an understanding of the financial markets and corporate financial theories at an advanced level.

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:

L Obj 1: Understand the reasons for the existence of financial markets and institutions and their roles.

L Obj 2: Be familiar with the working of investment banking, equity, debt, currency and derivative markets

L Obj 3: Understand the nature of financial regulation and the reasons for it

Alternative formats of teaching materials are available on request. Please contact Jillian D'Agostino in the departmental office of Accounting and Finance.

L Obj 4: Understand how financial instruments are issued in the markets

L Obj 5: Understand the theories, process and potential implications of mergers and acquisitions.

L Obj 6: Understand the issues that are relevant for making an investment decision in foreign markets.

L Obj 7: 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:

L Out 1: Develop problem solving skills.

L Out 2: Develop skills on report writing

L Out 3: Develop analytical skills in problem solving

ASSESSMENT

40% Individual Assignment

60% Final Exam

PENALTIES FOR LATE SUBMISSION

The Business School has agreed the following penalty scheme for the late submission of assessed work:

- 1 day late deduct 5% of mark allocated
- 2 days late deduct 10% of mark allocated
- 3 days late deduct 20% of mark allocated
- 4 days late deduct 40% of mark allocated
- 5 days late deduct 80% of mark allocated
- After 5 days deduct 100% of mark allocated

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This applies only to weekdays where students submit in hard copy, but includes Saturdays and Sundays where students submit electronically.

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:

[http://www.strath.ac.uk/media/ps/cs/gmap/academicaffairs/policies/assessment_and_feedback_policy - Effective Sep 14.pdf](http://www.strath.ac.uk/media/ps/cs/gmap/academicaffairs/policies/assessment_and_feedback_policy_-_Effective_Sep_14.pdf)

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.
- Where a first year class is passed by compensation, the student will not be permitted to proceed with that subject in second year, unless mitigating circumstances acceptable to the Board are met, and are submitted in advance of the meeting of the Board.
- Where a first, second or third year class is passed by compensation, the student will not normally be permitted to proceed to Honours in that subject, this is at the discretion of the department. The student does have the right to reject this pass and resit the class.

RESIT POLICY

1. Students who have failed a class will be given the opportunity to resit the class during the August resit diet.
2. Results for resits will not be capped at 40% unless students have been NQd.

NQ POLICY

Alternative formats of teaching materials are available on request. Please contact Jillian D'Agostino in the departmental office of Accounting and Finance.

It is important that you attend all tutorials and submit all pieces of assessment which are required for each class you are taking. If you fail to attend a number of tutorials, or if you fail to submit work, the co-ordinator for the class(es) concerned can ask the Business School to mark you as NQ (Not Qualified to Sit Exam).

Each department will be able to advise you of what they consider to be satisfactory performance, and departments will warn you if they consider you to be at risk of NQ. If you are NQd for a class you will be notified by letter before the exam diet in question. An NQ is treated as a fail: you will normally be permitted to sit the exam as a resit, but your mark for the overall class will be capped at 40%.

TEACHING AND LEARNING

The mode of teaching is ten 2-hour lectures plus 2-hour workshops.

The class meets each week for ten weeks on Tuesdays and Thursdays, 3-5.

ACHIEVEMENT OF LEARNING OUTCOMES

The achievement of learning outcomes will be measured through the group assignment and the final exam. The proposed group work cover 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.

PRE-REQUISITES

AG215 Business Finance or Equivalent

REQUIRED READING

Hillier, Grinblatt and Titman, 'Financial Markets and Corporate Strategy: European Edition' 2008, McGraw-Hill. Hillier, Ross, Westerfield and Jaff, Corporate Finance (Second European Edition) McGraw-Hill.

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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. Debt, Equity, Derivatives markets and instruments

Lecture 5. Real Options: Introduction

Lecture 6. Real Options: Valuation

Lecture 7. Convertible bonds

Lecture 8. International capital budgeting

Lecture 9. Mergers and Acquisitions

Lecture 10. Event Study method