



**CORPORATE INVESTMENT THEORY AND POLICY  
CLASS CODE AG431  
2023/24 SEMESTER 2**

**Names of lecturer:** Devraj Basu  
**Room number:** Stenhouse 3.12  
**Telephon:** 0141 548 3229  
**E-mail addresses:** devraj.basu@strath.ac.uk  
**Course Tutors:** Tbc

**CLASS DESCRIPTION**

The class focuses on mergers and acquisitions.

**CLASS AIMS**

This course is dedicated to the valuation, structuring, financing and negotiating of M&A transactions. It provides the students with a background for understanding mergers and acquisitions and corporate restructuring and addresses crucial questions including: What can we learn from theories on M&A? What is the empirical evidence? How does one value companies acquiring, or being acquired? How can a merger be funded in such a way as to retain the merged entity's flexibility? When do leveraged buy-outs make sense, and how can they be financed?

**LEARNING OUTCOMES**

**Subject-specific knowledge and skills**

On completing this class you will have the ability to read and properly interpret the theories and evidence relating to mergers and acquisitions, involving the analysis, synthesis and evaluation of a variety of complex ideas. More specifically you will be able to understand and explain:

- A1** Theories and evidence relating to corporate takeovers [market for corporate control], and how they might be interpreted.
- A2** Theories and evidence relating to corporate diversification.
- A3** Agency explanations of corporate investment decisions.
- A4** The interaction of financing and acquisition decisions.
- A6** Latest developments in the literature.

**Cognitive abilities and non-subject specific skills**

- B1** The ability to extract arguments, and modes of reasoning and evidence from theoretical and empirical academic articles, and to establish their

contribution to our understanding and interpretation of key issues.

- B2** The ability to consider the relevance of academic articles to real world observations relating to both individual and institutional behaviour.
- B3** The ability to communicate the essence of academic articles to peer groups.
- B4** The ability to explain and discuss complex issues in a form and language that will extend communication beyond the peer group.

## ASSESSMENT

### ASSESSMENT

**The Department of Accounting and Finance has returned to on campus, in person examinations in all modules. To support you in your exam preparation in this module we will run several exam preparation sessions during the class lectures (see timetable at the end of this document) and allocating time in class lectures / tutorial workshops to cover exam-style questions**

Coursework 30%  
Final 2-hour examination 70%

Coursework Students are required to write an essay based on a specific merger, focusing on a number of issues that will be outlined. The merger documents will be posted on the course website.

Final Examination The Department of Accounting and Finance is returning to on campus, in person examinations in all modules. To support you in your exam preparation students will be taken through a typical examination and provided with guidance on how to answer exam-style questions.

**Late submission:** coursework that is submitted late will be subject to the penalties set by the Business School Faculty guidelines:

- 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.

If you are prevented from taking any of these through illness or personal circumstances, you must inform the departmental office as soon as possible.

Note that failure to submit compulsory coursework will mean that OC (outstanding coursework) is placed on the student's record meaning the student cannot graduate until the coursework is completed.

**Commented [JD1]:** Check all class outlines have Assessment description including date, and weightings of marks

Please also ensure that all class outlines include the sentence

**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.**

Also check if group work that it either states no peer review or if there is a peer review it is clearly stated how this works for the module

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

### **Reassessment**

There are no resits for honours classes.

### **PENALTIES FOR LATE SUBMISSION**

The Business School follows the University's policy for the late submission of assessed work:

[https://www.strath.ac.uk/media/ps/cs/gmap/academicaffairs/policies/Policy\\_on\\_Late\\_Submission\\_of\\_Coursework\\_Final\\_Oct\\_2018.pdf](https://www.strath.ac.uk/media/ps/cs/gmap/academicaffairs/policies/Policy_on_Late_Submission_of_Coursework_Final_Oct_2018.pdf)

**Commented [JD2]:** Check all class outlines have a Late Submission Penalty section and include the link to the policy.

### **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)

**Commented [JD3]:** Check all class outlines have a Feedback section and a link to the policy

### **COMPENSATION SCHEME**

The Business School follows the University's compensation policy, which can be found here:

[https://www.strath.ac.uk/media/ps/cs/gmap/academicaffairs/policies/Policy\\_on\\_Compensation\\_Scheme.pdf](https://www.strath.ac.uk/media/ps/cs/gmap/academicaffairs/policies/Policy_on_Compensation_Scheme.pdf)

**Commented [JD4]:** Check all class outlines have a Compensation Scheme section and a link to the Policy

### **TEACHING AND LEARNING**

The mode of teaching is ten 3 hour lectures.

The class meets each week for ten weeks on Thursdays, 10-1.

### **PREREQUISITES**

AG206 Business Finance/AG210 Business Finance, plus acceptance into the honours year.

### **READING**

- Course textbook:
- Takeovers, Restructuring and Corporate Governance, 4th Edition, 2004, By J.Fred Weston, Mark L. Mitchell and J. Harold Mulherin, Pearson/Prentice Hall

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

Additional resources:

- VALUATION The Art and Science of Corporate Investment Decisions, 2007, By Sheridan Titman and John D. Martin, Pearson/ Addison Wesley
- Creating Value from Mergers and Acquisitions The challenges, 2003, By Sudi Sudarsanam, FT Prentice Hall
- Valuation: Measuring and Managing the Value of Companies, 4th Revised edition 2005, By McKinsey & Company, Tim Koller, Marc Goedhart and David Wessels, John Wiley & Sons Inc.

### **INDICATIVE LECTURE PROGRAMME**

#### A. Session 1

- Takeover Process
- Readings: Chapter 1

#### B. Session 2

- Theories of Mergers
- Readings: Chapter 5

#### C. Session 3

- Timing of Merger Activity
- Readings: Chapter 7

#### D. Session 4

- Empirical Tests
- Readings: Chapter 8

#### E. Session 5

- Alternative Approaches to Valuation
- Readings: Chapter 9

#### F. Session 6 and 7

- Increasing the Value of the Organization and Synergy Valuation
- Readings: Chapter 10 and Acquisition Valuation notes

#### G. Session 8

- Going Private and Leveraged Buyouts
- Readings: Chapter 16

#### H. Session 9

- Cross Border Mergers
- Readings: Case Studies on Myplace

## UNIVERSAL MARKING GUIDE (ASSESSMENT DESCRIPTOR) 2009/2010

%	Descriptor
80 – 100	<p><u>Outstanding demonstration of learning outcomes:</u></p> <ul style="list-style-type: none"> <li>• wide, appropriate knowledge and understanding (and where appropriate effective project work) including insight and originality</li> <li>• evidence of reading and thought beyond course/assignment materials</li> <li>• appropriate use of references and exemplars</li> <li>• an outstanding standard of writing and communication and/or presentation</li> </ul>
70 – 79	<p><u>Excellent demonstration of learning outcomes:</u></p> <ul style="list-style-type: none"> <li>• wide, appropriate knowledge and understanding (and where appropriate effective project work) including insight or originality</li> <li>• evidence of reading and thought beyond course/assignment materials</li> <li>• appropriate use of references and exemplars</li> <li>• an excellent standard of writing and communication and/or presentation</li> </ul>
60 – 69	<p><u>Comprehensive demonstration of learning outcomes:</u></p> <ul style="list-style-type: none"> <li>• wide appropriate knowledge and understanding (and where appropriate effective project work) with only occasional lapses in detail</li> <li>• evidence of reading and thought beyond course/assignment materials</li> <li>• a high standard of writing and communication</li> </ul>
50 – 59	<p><u>Satisfactory demonstration of learning outcomes:</u></p> <ul style="list-style-type: none"> <li>• sound knowledge and understanding of essential material (and where appropriate essential project skills)</li> <li>• general accuracy with occasional mistakes and/or uncoordinated use of information</li> </ul>
40 – 49	<p><u>Adequate demonstration of learning outcomes:</u></p> <ul style="list-style-type: none"> <li>• basic knowledge and understanding (and where appropriate basic project skills)</li> <li>• omissions and/or weaknesses of presentation and/or logic and/or evidence</li> </ul>
30 – 39	<p><u>Limited demonstration of learning outcomes:</u></p> <ul style="list-style-type: none"> <li>• some relevant information and limited understanding (and where appropriate some project work completed under supervision)</li> <li>• omissions and/or weaknesses of presentation and/or logic and/or evidence</li> <li>• lack of familiarity with the subject of assessment and/or assessment vehicle</li> </ul>
20 – 29	<p><u>Inadequate demonstration of learning outcomes:</u></p> <ul style="list-style-type: none"> <li>• a few key words, phrases or key ideas</li> <li>• extensive omissions and/or weaknesses of presentation and/or logic and/or evidence</li> <li>• serious errors</li> <li>• inadequate evidence of learning or inadequate project work</li> </ul>
1 – 19	<p><u>Weak performance in learning outcomes</u></p>

	<ul style="list-style-type: none"><li>• serious errors</li><li>• extensive omissions and/or weaknesses of presentation and/or logic and/or evidence</li><li>• deficient evidence of learning or deficient evidence of project work</li></ul>
0	No relevant work submitted for assessment