



## **FI5444 – Advanced Corporate Finance**

**MODULE TYPE/SEMESTER:** Core (20 credits), Semester 2

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**AIM:** Advanced Corporate Finance is a continuation of FI5442 Corporate Financial Management. The module is designed to equip students with knowledge about the advanced topics in the area of corporate finance and their applications in the real world. It aims to introduce the latest empirical and theoretical research on the topics studied.

### **INDICATIVE TOPIC OUTLINE:**

<b>Week 1:</b>	<i>Financial Analysis</i>
<b>Week 2:</b>	<i>Equity Valuation I</i>
<b>Week 3:</b>	<i>Equity Valuation II</i>
<b>Week 4:</b>	<i>Real Options</i>
<b>Week 5:</b>	<i>Corporate Governance</i>
<b>Week 6:</b>	<i>Capital structure I: capital markets, taxation and Modigliani-Miller</i>
<b>Week 7:</b>	<i>Capital structure II: trade-off theory and pecking order theory</i>
<b>Week 8:</b>	<i>Payout policies</i>
<b>Week 9:</b>	<i>Raising Capital</i>
<b>Week 10:</b>	<i>Mergers and Acquisitions</i>
<b>Week 11:</b>	<i>Revision</i>

### **METHOD OF TEACHING AND LEARNING:**

One two-hour lecture each week, plus four one-hour tutorials.

### **ASSESSMENT:**

- Part 1: class test (25%)
- Part 2: group essay (25%)

- Part 3: final exam (50%)

### **LEARNING OUTCOMES:**

By the end of the module, students should be able to:

- Analyse financial statements to perform financial ratio analysis
- Value a firm using dividend discount, P/E, and free cash flow models
- Understand real option valuation
- Understand agency problems and corporate governance mechanisms
- Analyse the impact of corporate taxation on firm value
- Evaluate real-world impact on idealized (MM) capital structure
- Synthesise financial structure approaches, using pecking-order models
- Evaluate M&A net benefits, within its competitive and institutional setting

### **READING LIST:**

Penman, S.H. (2009) *Financial Statement Analysis and Security valuation* (4<sup>th</sup> edition). Boston, Mass.: McGraw-Hill. (For week 1)

Hillier, D., Ross, S., Westerfield, R., Jaffe, J. and Jordan, B. (2013) *Corporate Finance* (2<sup>nd</sup> European Edition). London: McGraw-Hill. (For week 4)

Berk, J., DeMarzo, P., and Harford J., *Fundamentals of Corporate Finance* (5<sup>th</sup> Edition) Pearson (For weeks 6 to 10)

***Details of readings from the above text plus other associated reading will be provided as required.***

*Organisation of courses may be subject to change without notice.*