

MN3101 – CORPORATE FINANCE AND CONTROL

MODULE TYPE/SEMESTER: Junior Honours/**Option** (20 Credits)/Semester 1

PRE-REQUISITE(S): MN2001 and MN2002

MODULES REQUIRED FOR: MN3116

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MODULE LECTURER(S): Dr Mao Zhang mz71@st-andrews.ac.uk

AIM:

To provide an introduction to modern theories of Corporate Finance and to demonstrate how to apply those theories to a realistic setting of the corporate decision-making process.

Business and management students will work in corporations of various sizes and some will start their own companies. All firms face similar financial decision-making processes and use various techniques albeit with various degrees of complexity and often under conditions of uncertainty. Thus, understanding company finances and how financial decisions are taken under these conditions is paramount not only to company profitability but also its very survival. This course provides an introduction to corporate finance, equipping students with both a theoretical understanding and practical skills to ensure sound financial decision-making in a turbulent financial environment.

METHOD OF TEACHING & LEARNING:

One two-hour lecture per week, supplemented by tutorials.

LEARNING OUTCOMES:

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

- Gain an understanding of the link between financial markets and the real economy.
- Explain the concept of corporate finance and the role of the financial manager.
- Critically assess various investment appraisal techniques.
- Understand the concept and the importance of the time value of money.
- Evaluate the nature and practicalities of a variety of corporate finance sources.
- Apply a range of computational techniques to estimate return and risk of securities.
- Estimate the market prices of securities and the cost of capital for firms.

INDICATIVE TOPICS:

- Introduction to Finance
- Discounted Cash Flow Valuation
- Risk and Return
- CAPM
- Investment Criteria
- Bond Valuation
- Stock Valuation

ASSESSMENT:

1. Two-hour written examination - 60% of module mark
2. Written essay assignment - 40% of module mark

CORE READING LIST:

Hillier, D., Ross, S., Westerfield, R., Jaffe, J. & Jordan, B. (2021) *Corporate Finance*. 4th ed. London: McGraw-Hill Education. ISBN-13: 9781526848086.

Additional readings will be provided.

Organisation of courses may be subject to change without notice.