



University of  
**Strathclyde**  
Business  
School

## Department of Accounting and Finance

### AG215 Business Finance

2024/25 Semester 1

20 Module Credits

#### **Module Details**

##### **Module Description**

In the first instance this module builds on the introductory investment appraisal material (NPV, IRR, etc) covered in the first year BF123 / BF124 and AG105 Finance modules.

The aim of the module is to provide an understanding of financial management within a business enterprise. The module builds on introductory investment appraisal rules from first year to consider the appropriate cash flows to be evaluated when undertaking an investment project and building up to how to value a business enterprise, and how companies determine their cost of capital for such projects.

The module will also consider financing issues related to the forecasting and management of cash flows over time to ensure sufficient liquidity. Finally, the course will also provide a framework to allow students to understand a company's financial policy decisions relating to payout policy, leasing, raising equity capital in efficient markets, and capital structure.

##### **Teaching Hours**

Lectures: All weeks, Monday 11am-1pm in JA325 and Friday 11am-1pm in RC667

Labs: Weeks 2-4

Tutorials: Weeks 5-11

Please see the "Tutorial and Lab Sign Up" tab on the AG215 Myplace page here: [Course: AG215: Business Finance | classes \(strath.ac.uk\)](#) for tutorial and workshop times/dates. All students are required to sign up for one lab and one tutorial slot per semester. These are available on a first come first served basis.

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](mailto:sbs-accfin-admin@strath.ac.uk). If you are absent due to medical reasons please submit medical evidence or self-certificate via [Pegasus: Personal Circumstances Procedure | University of Strathclyde](#)

## **Prerequisites**

BF123 / BF124 or AG105.

## **Contact Details**

Lecturer: Patrick McColgan

Room number: Stenhouse 3.24

Office Hours: Please see: [Course: AG215: Business Finance | classes \(strath.ac.uk\)](#)

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Tutors: Min Zhu / Qifeng Yun

Email: [min.zhu@strath.ac.uk](mailto:min.zhu@strath.ac.uk) / [qifeng.yun@strath.ac.uk](mailto:qifeng.yun@strath.ac.uk)

Lab Tutors: Donald Campbell and Martin Kemmitt

Email: [donald.campbell@strath.ac.uk](mailto:donald.campbell@strath.ac.uk) / [m.kemmitt@strath.ac.uk](mailto:m.kemmitt@strath.ac.uk)

## **Module Learning**

### **Module Aims**

The emphasis in this module will be upon the analytical techniques and logical ideas necessary to analyse the firm's investment and financing decisions. The module will discuss the optimal investment decisions of firms, the optimal financial structure to fund these investments and the mechanisms for distributing corporate wealth to shareholders. Through computer-based application of the above material the module will also aim to develop student's understanding of business statistics and sensitivity analysis in investment decisions. It will also enable them to develop skills in the use of spreadsheet software for financial analysis, modelling, decision making and statistical analysis.

## **Learning Objectives and Outcomes**

### **Subject-specific knowledge and skills**

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

- A1. Identify investment projects that increase the firm's market value, using the concepts of net present value and equivalent annual cost, and present this information in a spreadsheet;
- A2. Assess the value of a business enterprise using accounting valuation, relative valuation / multiplier approaches, and discounted cash flow methods;
- A3. Be able to recognise models for management of the company's working capital and cash balances;
- A4. Understanding the implications of the efficient markets hypothesis for corporate financial managers;
- A5. Be able to discuss the different ways a company may raise equity capital, including initial public offerings and seasoned equity offerings and understand how the UK regulatory framework limits the discretion of companies in the choice of offering method;
- A6. Assess the firm's cost of equity and debt capital, and the weighted average cost of capital (WACC);
- A7. Explain why the financial structure used by a firm can affect its market value, with reference to taxes, financial distress costs and incomplete contracting;
- A8. Explain why investors care about the payout policy of the firm.

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

During the module you will:

- B1. Problem solving in the issues that face corporate financial managers;
- B2. Evaluating alternative theories in the areas that are of concern to corporate financial managers;
- B3. Develop team working skills through participation in tutorial workshops;
- B4. The ability to independently source and analyse information and present one's findings effectively;
- B5. The ability to relate theoretical concepts to the real world;
- B6. The ability to use spreadsheets for problems requiring quantitative analysis

## Module Structure

### Timetable

Week	Lecture time	Module topic	HRWJJ 4e	Lab	Tutorial
1	Mon 11-1	Module introduction +		No lab	No tutorial
	Fri 11-1	Capital budgeting			
2	Mon 11-1	No lecture (local holiday)	Ch. 6-8	Financial formulae in excel	No tutorial
	Fri 11-1	Further issues in capital budgeting			
3	Mon 11-1	Company valuation	Ch. 3-5	Capital budgeting in excel	No tutorial
	Fri 11-1				
4	Mon 11-1	Introduction to capital structure		Sensitivity analysis in excel	No tutorial
	Fri 11-1	No lecture			
5	Mon 11-1	Capital structure	Ch. 18-19	No lab	Capital budgeting
	Fri 11-1				
6	Mon 11-1	Raising debt and equity	Ch. 13-16	No lab	Company valuation
	Fri 11-1	capital			
7	Mon 11-1	Working capital	Ch. 26-27	No lab	Capital structure
	Fri 11-1	management			
8	Mon 11-1	Online class test		No lab	Raising equity
	Fri 11-1	Test feedback and exam prep workshop			
9	Mon 11-1	Leasing	Ch. 17	No lab	Working capital
	Fri 11-1				
10	Mon 11-1	Payout policy	Ch. 21	No lab	Leasing
	Fri 11-1		Ch. 21		
11	Mon 11-1	Review and exam prep	n.a.	No lab	Payout policy
	Fri 11-1	sessions	n.a.		

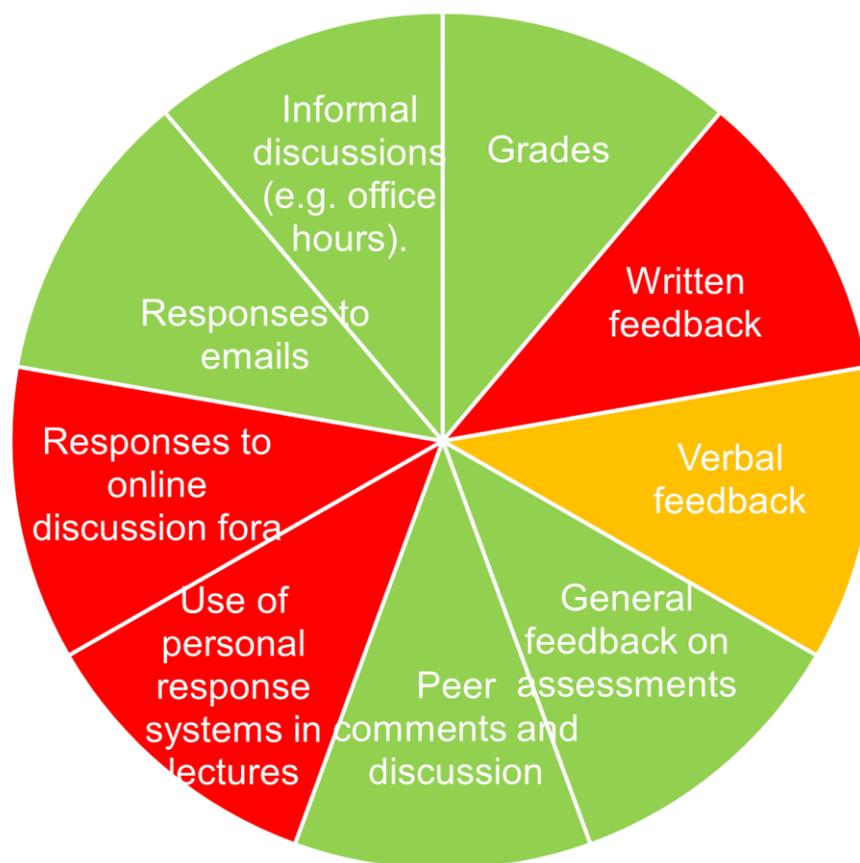
## **Assessment and Feedback Details**

1. Class Test worth 20%. Date: Monday 11<sup>th</sup> of November 2024. Feedback/marks will be released on or before Monday 2<sup>nd</sup> of December 2024.
2. Final Exam worth 80%. Date: During the semester 1 diet in December. Marks returned via Pegasus when the University release them.

An overall weighted average mark of 40% is required to pass 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 module.

## **Module Feedback**



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## **Artificial Intelligence**

You are not permitted to use Gen-AI tools for this module unless you are a student with an adjustment report on Pegasus where this is explicitly specified as a 'reasonable adjustment'. Any student suspected of using such tools will be subject to investigation outlined in the [Student Discipline Procedure - Academic Misconduct.pdf \(strath.ac.uk\)](#) process.

## **Reading List**

Please refer to the AG215 Myplace page to access the Reading List.

## **UG Module Manual (1<sup>st</sup>-3<sup>rd</sup> Year)**

Please refer to the accounting and finance UG manual module for the following ([Years 1-3 Module Manual.docx](#)):

- Tutorial Attendance
- Useful Contacts
- Penalties for Late Submission
- Feedback
- Compensation Scheme
- Resit Policy
- Reassessment
- Universal Marking Guide
- Useful Links