

**The MGIMO School of Government and International Affairs**

**Corporate Finance**  
Undergraduate Course Syllabus

**Instructor**  
**Alexey A. Aleshin**

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This syllabus is designed in accordance with the MGIMO Educational Standard for undergraduate programs in Economics.

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## INSTRUCTOR INFORMATION AND COURSE DESCRIPTION

### 1.1 General information

- Full course title: Financial Accounting
- Type of course: Required
- Level of course B.Sc.
- Year of study: 2<sup>nd</sup>
- Number of ECTS credits allocated:
- Instructor: Alexey A. Aleshin
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### 1.2 Course aims and learning outcomes

#### *Overview*

In this course we are going to cover in sufficient detail the concepts and instruments of investment Decisions (NPV, IRR), bonds, shares valuation, calculation of Cost of Capital.

Also we will learn the key concepts of Equity and Debt finance, Financial Risk management, hedging and management of Working Capital

#### *Structure*

Lectures present the topic of the week with cases. Seminars provide the time for expansive use of cases and discussion of lecture material.

#### *Place in study plan and learning outcomes*

The course belongs to advanced part of the study plan and requires the knowledge of Financial and Management Accounting.

At the end of the year, students should have a solid knowledge of investment evaluation, bonds, shares and other securities valuation and be prepared for more advanced coursework in areas including, but not limited to, Advanced Corporate Finance, Mergers and Acquisitions, Business Valuation.

### 1.3 Course requirements, grading, and class hours

#### **Course requirements**

Students are required to attend no less than 75% of classes and be prepared for class discussions.

#### **Grading**

3 in-class tests + Final exam.

## Resources

The course structure is similar to the structure of main professional financial qualifications such as ACCA, CIMA. Many concepts and examples are linked to their syllabus. Therefore any ACCA or CIMA textbook would be a helpful resource.

In our classes we will be using 2 books: one textbook with explanation of key theory and one question bank for practice. Books will be provided in PDF format.

### Recommended Textbooks:

- ACCA F9 Financial Management (by ATC International / BPP / Kaplan / Emilie Wolf)
- Corporate Finance Principles and Practice (by Denzil Watson and Anthony Head – 4<sup>th</sup> edition)

### Examples:

[https://books.google.ru/books?id=qyd8yKFWjHUC&printsec=frontcover&hl=ru&source=gbs\\_ge\\_summary\\_r&cad=0#v=onepage&q&f=false](https://books.google.ru/books?id=qyd8yKFWjHUC&printsec=frontcover&hl=ru&source=gbs_ge_summary_r&cad=0#v=onepage&q&f=false)

Other helpful resources:

**ACCA:** <https://www.accaglobal.com/gb/en/student/exam-support-resources/fundamentals-exams-study-resources/f9.html>

**CIMA:** <https://www.cimaglobal.com/>

## COURSE SCHEDULE

### **1. The Financial Management Environment.**

To understand the nature of financial management. To understand the economic environment within which organisations operate.

Study Materials: Session #01-02.

Useful Reading: Other Materials/ Book Corp. Fin. by Antony Head/ pages 1-58

### **2. Investment Decisions**

To understand the type of investment decisions that will be made by organisations.

To assess an investment using the payback period and the ARR methods.

Materials: Session #03.

Useful Reading: Other Materials/ Book Corp. Fin. by Antony Head/ pages 152-174

### **3. Discounted Cash Flow Techniques**

To apply the time value of money to investment decisions.

Materials: Session #04.

Useful Reading: Other Materials/ Book Corp. Fin. by Antony Head/ pages 152-174

#### **4. Relevant Cash Flows for DCF**

To recognise the costs that are relevant to a discounted cash flow analysis.

To be able to determine the taxation effects of a new investment.

To be able to deal with inflation using either the money method, real method or effective method.

To do able to deal with cash flows relating to working capital.

Materials: Session #05.

Useful Reading: Other Materials/ Book Corp. Fin. by Antony Head/ pages 182-201

#### **5. Applications of DCF**

To apply discounted cash flow techniques to specific areas.

Materials: Session #06.

Useful Reading: Other Materials/ Book Corp. Fin. by Antony Head/ pages 182-201

#### **6. Project Appraisal under Risk**

To appraise investment projects where the outcome is not certain.

Materials: Session #07.

Useful Reading: Other Materials/ Book Corp. Fin. by Antony Head/ pages 182-201

#### **7. Equity Finance**

To understand the options available to a company considering an issue of equity funds.

Materials: Session #08.

Useful Reading: Other Materials/ Book Corp. Fin. by Antony Head/ pages 93-112

#### **8. Debt Finance**

To appreciate the options available to a company for long, medium and short-term debt finance.

Materials: Session #09.

Useful Reading: Other Materials/ Book Corp. Fin. by Antony Head/ pages 119-144

#### **9. Security Valuation and Cost of Capital**

To develop a model for the valuation of shares and bonds.

To use this model to estimate the cost of equity and the cost of debt.

To consider further practical influences on the valuation of securities.

Materials: Session #10.

Useful Reading: Other Materials/ Book Corp. Fin. by Antony Head/ pages 209-234

## **10. Weighted Average Cost of Capital and Gearing**

To understand the weighted average cost of capital (WACC) of a company and how it is estimated.

To understand the effect of gearing on the WACC of a company.

To discuss the theories of Modigliani and Miller.

Materials: Session #11.

Useful Reading: Other Materials/ Book Corp. Fin. by Antony Head/ pages 241-272

## **11. Capital Asset Pricing Model**

To understand the Capital Asset Pricing Model and its uses in financial management.

Materials: Session #12.

Useful Reading: Other Materials/ Book Corp. Fin. by Antony Head/ pages 209-234

## **12. Working Capital Management**

To appreciate the importance of working capital and therefore its effective management.

Materials: Session #13.

Useful Reading: Other Materials/ Book Corp. Fin. by Antony Head/ pages 67-86

## **13. Inventory Management**

To understand the costs and benefits of holding inventory and determine the Economic Order Quantity (EOQ) which minimises costs.

To appreciate other possible inventory control systems.

Materials: Session #14.

Useful Reading: Other Materials/ Book Corp. Fin. by Antony Head/ pages 67-86

## **14. Cash Management**

To understand the importance of cash flow and methods of controlling cash flows, the theoretical models relating to optimal cash balances and the importance of treasury management

Materials: Session #15.

Useful Reading: Other Materials/ Book Corp. Fin. by Antony Head/ pages 67-86

## **15. Management of Accounts Receivable and Payables**

To consider the factors involved in the granting and accepting of trade credit.

Materials: Session #16.

Useful Reading: Other Materials/ Book Corp. Fin. by Antony Head/ pages 67-86

## **16. Risk Management**

To explain the causes of exchange rate fluctuations.

To apply hedging techniques for foreign currency risk.

To apply hedging techniques for interest rate risk.

Materials: Session #17.

Useful Reading: Other Materials/ Book Corp. Fin. by Antony Head/ pages 359-390

### **17. Business Valuation and Ratio Analysis**

To estimate the value of one share or of a company's equity in total.

To be familiar with all ratios commonly used in business analysis.

Materials: Session #18.

Useful Reading: Other Materials/ Book Corp. Fin. by Antony Head/ pages 311-348