

LSE

ADVANCED CORPORATE FINANCE

This course covers advanced theoretical and applied treatment of major issues in Corporate Finance.

The first part of the course is an in-depth exploration of advanced theories used to understand financial markets in the context of corporate borrowing and lending. Implicitly, we will discuss financing frictions that differentiate the functioning of perfect capital markets with imperfect capital markets. We then build on these theories to understand security design and the process of security issuance in equity markets. Next, we consider the role of corporate control, and the interaction of control rights and cash flow rights. Finally, we evaluate corporate risk management and hedging.

The second part of the course will focus on the real-world applications of corporate finance tools to address issues commonly faced by corporate managers, investors, and entrepreneurs. Each week, we will focus on a particular issue facing practitioners. Specifically, we will explore individual case studies of problems such as capital budgeting, the design of optimal capital structures, and the valuations of start-ups, mergers, and private equity buyouts. We will also discuss the relevance of these tools for careers in finance, consulting, and other sectors.

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- A review of valuations
 - Modigliani and Miller
 - Taxes
 - Recapitalisation
 - Bankruptcy and distress
 - Private Information
 - Dividend policy
 - Optimal capital structure
 - Investment under constraints
 - Real options

By the end of the course, students will be comfortable working with advanced theoretical models of corporate finance, and be able to apply these tools to perform corporate valuations, prepare capital budgets, and determine optimal capital structures.