BS0808: Finance and Financial Management

MODULE AIMS

The aim of this module is to develop certain accounting related skills, by explaining the techniques of financial accounting and management accounting, and examining their relevance to the broader issues of financial decision-making and management control in organisations. The module gives students a basic insight into the way that business performance is measured, and how business decisions can be structured and analysed.

MODULE OBJECTIVES

This module will provide students with a foundation in the theoretical tools to analyse modern financial markets and the decisions of corporate firms. This theory of finance will enable students to understand why companies and financial markets (investors) behave the way they do. Throughout the module, the emphasis is both on the presentation of theory underlying each topic and on the problems and issues that arise when applying these theories in practice.

Key Concepts:
- Time value of money
- Risk and return in financial markets
- Optimal portfolio selection
- The Capital Asset Pricing Model (CAPM)
- Arbitrage
- Valuation of stocks and bonds
- Financial options
- Risk management

Key Skills:
- Analytical skills within a financial context
- Quantitative skill within a financial context
- Critical reasoning

LEARNING OUTCOMES

By the end of the module students will be able to:
- Think in terms of a professional financial manager.
- Understand the interplay between value and risk for the most common financial instruments.
- Understand financial issues discussed in The Financial Times, The Economist etc.
ASSESSMENT

The module will be assessed by:

- Group assignment (30%)
- Exam (70%)

FEEDBACK

We encourage students to provide feedback on the module: lectures, tutorials and content. We would like to continuously improve this module and so participants’ feedback is essential in guiding this effort.

MODULE TEXTS

The lecture notes are self-contained but we still encourage students to reference the following texts below.

Core Textbook:
- Lecture Notes provided prior to class

Close Substitutes:

MODULE STRUCTURE

There are nine lecture blocks:

1. Institutional Background
2. Time Value of Money
3. Portfolio Selection
4. The Capital Asset Pricing Model (CAPM)
5. Arbitrage
6. Stock Valuation
7. Bond Valuation and Interest Rates
8. Introduction to Options
9. Valuation of Options
10. Review Session