

Liverpool John Moores University

Title: FINANCE & FINANCIAL MODELING
Status: Definitive
Code: **4022BUSCOM** (119482)
Version Start Date: 01-04-2013

Owning School/Faculty: Liverpool Business School
Teaching School/Faculty: Liverpool Business School

Team	Leader
Karl Harper	Y

Academic Level: FHEQ4
Credit Value: 24.00
Total Delivered Hours: 78.00
Total Learning Hours: 240
Private Study: 162

Delivery Options

Course typically offered: Standard Year Long

Component	Contact Hours
Lecture	26.000
Seminar	52.000

Grading Basis: 40 %

Assessment Details

Category	Short Description	Description	Weighting (%)	Exam Duration
Test	Exam	In class test.	10.0	
Report	Report	Financial Analysis Case Study.	40.0	
Report	Report	Budgetary Control Case Study.	50.0	

Aims

This module provides an introduction to finance, accounting and financial modeling.

The module is designed for those with limited financial knowledge or experience and as a result assumes no prior knowledge of finance, accounting or modeling. However, those attending will leave with a clear understanding of essential finance and accounting terminology and the methods adopted. Using practical examples students will gain confidence in financial understanding and develop financial

modeling skills using Excel.

Learning Outcomes

After completing the module the student should be able to:

- LO 1 Outline and evaluate the importance of the finance and accounting function.
- LO 2 Outline and fully understand finance and accounting terminology thereby allowing them to make a valuable contribution to the workplace in meetings or in a supportive role.
- LO 3 Prepare Financial Statements using Excel: Income Statement, Balance Sheet and Cashflow Statements, Forecast Budgets.
- LO 4 Develop Financial Models using Excel and Use Financial Models to evaluate performance and changes in market and economic conditions in order to make informed decisions and recommend action.
- LO 5 Create, Manage and Control Budgets to aid cashflow/liquidity, improve profitability, reduce risk and make informed strategic decisions using Financial Models.

Learning Outcomes of Assessments

The assessment item list is assessed via the learning outcomes listed:

Examination	LO 1	LO 2
Report	LO 3	
Report	LO 4	LO 5

Outline Syllabus

Financial Management

- 1. Financial Management – the Scope, Role & Responsibilities of Financial Management*
- 2. The Objective of the Firm & Agency Theory*
– Meeting Shareholder & Stakeholder Objectives and the relationship between Shareholders & Management
- 3. The Dividend Decision*

Finance & Accounting

- 4. Introduction to Finance and Accounting*
- The relationship between Finance & Accounting
- What is Finance ?
- Sources of Finance - Long-term & Short-term
- 5. The Cost of Capital using WACC & CAPM*
- 6. What is Accounting ?*
- Financial Accounting & Management Accounting

- *Financial Statements – An Introduction*
- *Budgeting & Costing – An Introduction*
- *Terminology*

The Financial Statements

7 & 8 Bookkeeping to Final Accounts - Preparing Basic Financial Statements using Excel

- *Income Statement;*
- *Balance Sheet*
- *Cash Flow Statement*

Key Elements – Defined and Explained

- *Profit*
- *Revenue & Capital Expenditure*
- *Assets – Fixed & Current*
- *Liabilities – Current & Long-term*
- *Working Capital*
- *Net Worth – Book Value & Market Value*

9. Staff – a Company Asset or Cost ?

10. Profit & Cash – what is the difference ?

Interpretation of Financial Statements

11. Annual Reports & Accounts

12. Basic Interpretation of Financial Statements in order to assess performance using Financial Models developed in Excel:

- *Profitability*
- *Liquidity – The Cash Flow Cycle & Working Capital*
- *Operating*
- *Gearing/Leverage*

13. Business Valuation – Book Value, Market Value & Goodwill

14. Creative Accounting & the Case of Enron – the Finance and HR issues

Budgeting

15. What is a Budget ?

- *The Benefits/Purpose & Limitations of Budgets – the Finance and HR issues*
- *The Essential Features of Budgets*

16. Types of Budgets

- *Staff budgets and overheads, training and development*
- *Costing Initiatives e.g. on performance or recruitment*

Preparing & Managing Budgets using I.T.

17. Preparing a Departmental Budget – Responsibility Centres & Cost Allocation

18. Marginal Costing and Break-Even Analysis

19. Preparing a Forecast Cash Flow/Financial Model

20. Sensitivity, What-if and Simulation Analysis

Budgetary Controls using I.T

21. Budgetary Controls

- *Action Controls*

- Personnel Controls
- Results Controls

22. *The Case of Barings & the Banks – control and risk management in a risk culture,*

23. *Variance Analysis - Comparing Actual Performance with the Budget*

Evaluating Performance using I.T

24. *Evaluating Performance against Budgets & Targets*

- *The Balanced Scorecard – is Finance the major goal ?*

- *Linking Strategic Planning, Forecasting, Budgeting and Reporting*

Learning Activities

The programme will be run over 26 weeks through a combination of lectures, tutorials and computer-based workshops. Students will have the opportunity to develop their financial and modeling skills and knowledge through, group discussions, exercises and case studies.

References

Course Material	Book
Author	Mason, R
Publishing Year	2007
Title	Finance for Non-Financial Managers
Subtitle	
Edition	
Publisher	Chartered Management Institute
ISBN	0340849622

Course Material	Book
Author	Wagner, K
Publishing Year	2004
Title	Finance for Non-Financial Managers
Subtitle	
Edition	
Publisher	McGraw-Hill
ISBN	9780071450904

Course Material	Book
Author	Harper, K
Publishing Year	2004
Title	Structure of Accounts
Subtitle	
Edition	3rd edition
Publisher	Institute of Financial Services

Notes

The overall aim of the programme is for those attending to leave with a clear understanding of all the essential finance and accounting terminology and methods to enable them to perform more effectively and efficiently within their future workplace.

The module is fully supported by Blackboard which includes, lecture notes, case studies & model/suggested answers and appropriate internet links and readings.