

## Liverpool John Moores University

Title: INVESTMENT AND FINANCIAL ANALYSIS  
Status: Definitive  
Code: **5012KAPBM** (118112)  
Version Start Date: 01-08-2011

Owning School/Faculty: Liverpool Business School  
Teaching School/Faculty: Kaplan Financial London

Team	Leader
James Eden	Y

**Academic Level:** FHEQ5  
**Credit Value:** 24.00  
**Total Delivered Hours:** 80.00  
**Total Learning Hours:** 240  
**Private Study:** 160

### Delivery Options

Course typically offered: Standard Year Long

Component	Contact Hours
Lecture	52.000
Tutorial	26.000

**Grading Basis:** 40 %

### Assessment Details

Category	Short Description	Description	Weighting (%)	Exam Duration
Exam	Exam	Numerical and essay type questions.	50.0	2.00
Essay	Essay	Piece of written work in groups.	50.0	

### Aims

*This module is designed to consider the objectives of the firm and how these are translated into decision making tools. The module also aims to provide an understanding of the investment appraisal activity with the firm. The module will also examine how firms cope with financial risk.*

### Learning Outcomes

After completing the module the student should be able to:

- LO 1 Indicate the major objectives of the financial manager.
- LO 2 Use relevant financial data to calculate the cost of capital.
- LO 3 Calculate profit maximizing output using Breakeven Analysis.
- LO 4 Analyse investment decisions using discounted cash flow models.
- LO 5 Analyse risk from a utility theory perspective.
- LO 6 Demonstrate the role of portfolio theory and CAPM in assessing risk.
- LO 7 Calculate the value of options.
- LO 8 Recognise the implications of the Efficient Markets Hypothesis.
- LO 9 Analyse and explain the consequences of capital structure decisions.

### Learning Outcomes of Assessments

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

Exam	LO 1	LO 2	LO 3	LO 4	LO 9
Essay	LO 5	LO 6	LO 7	LO 8	

### Outline Syllabus

1. *Financial Objectives of the organisation.*
2. *Determination of the cost of capital.*
3. *Breakeven Analysis.*
4. *Capital expenditure and investment appraisal.*
5. *Discounted cash flow analysis using net present values and internal rates of return.*
6. *Special investment problems: capital rationing, replacement cycles.*
7. *Risk analysis: utility theory and CAPM/APT.*
8. *Option pricing Theory.*
9. *Efficient Markets hypothesis and implications for Investment appraisal.*
10. *Capital Structure.*

### Learning Activities

Formal lectures and tutorials.

### References

<b>Course Material</b>	Book
<b>Author</b>	Brealey, R A, Myers, S C and Allen, F
<b>Publishing Year</b>	2008
<b>Title</b>	Principles of Corporate Finance

<b>Subtitle</b>	
<b>Edition</b>	9th edition
<b>Publisher</b>	McGraw Hill/Irwin
<b>ISBN</b>	

<b>Course Material</b>	Book
<b>Author</b>	Ross, S A, Westerfield, R W and Jordan, B D
<b>Publishing Year</b>	2008
<b>Title</b>	Fundamentals of Corporate Finance
<b>Subtitle</b>	
<b>Edition</b>	8th edition
<b>Publisher</b>	McGraw-Hill
<b>ISBN</b>	

<b>Course Material</b>	Book
<b>Author</b>	Lumby, S and Jones, C
<b>Publishing Year</b>	2003
<b>Title</b>	Corporate Finance Theory and Practice
<b>Subtitle</b>	
<b>Edition</b>	7th edition
<b>Publisher</b>	Thompson
<b>ISBN</b>	

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## Notes

This module develops skills in investment appraisal and risk through consideration of appropriate models.

The coursework provides an opportunity for formative feedback; the examination is the terminal summative assessment.