

## Liverpool John Moores University

Title: INVESTMENT AND PROJECT APPRAISAL  
Status: Definitive  
Code: **5500FI** (107426)  
Version Start Date: 01-08-2011

Owning School/Faculty: Liverpool Business School  
Teaching School/Faculty: Isle of Man International Business School

Team	Leader
Alex Watt	Y

**Academic Level:** FHEQ5  
**Credit Value:** 12.00  
**Total Delivered Hours:** 28.00  
**Total Learning Hours:** 120  
**Private Study:** 92

### Delivery Options

Course typically offered: Runs Twice - S1 & S2

Component	Contact Hours
Lecture	13.000
Tutorial	13.000

**Grading Basis:** 40 %

### Assessment Details

Category	Short Description	Description	Weighting (%)	Exam Duration
Exam	AS1	Numerical / Essay type	75.0	2.00
Essay	AS2	Group presentation	25.0	

### 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:

- 1 Indicate the major objectives of the financial manager.
- 2 Analyse investment decisions using discounted cash flow models.
- 3 Analyse risk from a utility theory perspective.
- 4 Demonstrate the role of portfolio theory in assessing risk.
- 5 Evaluate the role of the Capital Asset Pricing Model and the Arbitrage Pricing Model in pricing risk.
- 6 Recognise the implications of the Efficient Markets Hypothesis.
- 7 Demonstrate an ability to present your ideas as part of a team.

### Learning Outcomes of Assessments

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

EXAM	1	2	3	4	5	6	
ESSAYW	1	2	3	4	5	6	7

### Outline Syllabus

1. *Financial Objectives of the organization.*
2. *Capital expenditure and project appraisal.*
3. *Discounted cash flow analysis using net present values and internal rates of return.*
4. *Special investment problems: capital rationing, replacement cycles.*
5. *Risk analysis: utility theory and CAPM/APT.*
6. *Efficient Markets hypothesis and Implications for Investment appraisal.*

### Learning Activities

Formal lectures and tutorials.

### References

<b>Course Material</b>	Book
<b>Author</b>	Brealey, R and Myers, S
<b>Publishing Year</b>	2001
<b>Title</b>	Principles of Corporate Finance
<b>Subtitle</b>	
<b>Edition</b>	
<b>Publisher</b>	3rd edition, McGraw Hill 0071180281
<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>	
<b>Publisher</b>	7th edition, Thompson 1861529260
<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>	2003
<b>Title</b>	Fundamentals of Corporate Finance
<b>Subtitle</b>	
<b>Edition</b>	
<b>Publisher</b>	6th edition, McGraw-Hill 0071229175
<b>ISBN</b>	

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### Notes

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

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