

## Liverpool John Moores University

Title: INVESTMENT AND FINANCIAL ANALYSIS  
Status: Definitive  
Code: **5501AE** (107274)  
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: Semester 2

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	1 class presentation in groups of 3-4	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	
ESSAY	1	2	3	4	5	6	7

### Outline Syllabus

1. *Financial Objectives of the organisation.*
2. *Capital expenditure and investment 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 & Myers, S
<b>Publishing Year</b>	2001
<b>Title</b>	Principles of Corporate Finance
<b>Subtitle</b>	
<b>Edition</b>	3rd edition
<b>Publisher</b>	McGraw Hill
<b>ISBN</b>	0071180281

<b>Course Material</b>	Book
<b>Author</b>	Lumby, S & 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>	1861529260

<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>	6th edition
<b>Publisher</b>	McGraw-Hill
<b>ISBN</b>	0071229175

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### Notes

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

The pass mark for this module is 40% but, for BAAF students, this is subject to achieving a minimum of 35% in each component of assessment.

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