

## Liverpool John Moores University

Title: FINANCE 1  
Status: Definitive  
Code: **5514CP** (103556)  
Version Start Date: 01-08-2013

Owning School/Faculty: Arts, Professional and Social Studies  
Teaching School/Faculty: Dublin Business School

Team	Leader
Alistair Beere	Y

**Academic Level:** FHEQ5  
**Credit Value:** 24.00  
**Total Delivered Hours:** 77.00  
**Total Learning Hours:** 240  
**Private Study:** 163

### Delivery Options

Course typically offered: Standard Year Long

Component	Contact Hours
Lecture	50.000
Tutorial	25.000

**Grading Basis:** 40 %

### Assessment Details

Category	Short Description	Description	Weighting (%)	Exam Duration
Essay	AS1	Group Assignment	30.0	
Exam	AS2	Examination	70.0	2.00

### Aims

*To provide learners with an understanding of the objectives of financial management.*

*To enable learners make informed investment decisions, using non-discounted and discounted investment appraisal techniques.*

*To give learners the ability to examine the different sources of finance available to entities, and critique the merits and demerits of each.*

*To show learners how to compute weighted average cost of capital for an entity,*

*based on the various sources of finance.*

*To give learners the knowledge to assess and formulate working capital strategies for business.*

## **Learning Outcomes**

After completing the module the student should be able to:

- 1 Identify the key economic and financial objectives which influence organisations in the business environment.
- 2 Apply investment appraisal techniques to a range of capital budgeting scenarios, and make appropriate recommendations.
- 3 Evaluate the various sources of finance available to enterprise, and select the appropriate source for a given situation.
- 4 Calculate WACC based on the levels of debt and equity in a capital structure.
- 5 Justify optimal working capital management strategies.

## **Learning Outcomes of Assessments**

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

GROUP	1	3	5		
ASSIGNMENT					
EXAM	1	2	3	4	5

## **Outline Syllabus**

1. *Financial Objectives • The nature, purpose and scope of financial management, and its relationship to management accounting and financial accounting. • The key economic and financial objectives, which influence organisations in the business environment.*
2. *Corporate Governance • Stakeholder theory• Corporate governance including the principal-agent conflict and possible remedies.*
3. *Introduction to Investment Appraisal • Identifying potential investment opportunities. • Non-discounted techniques: Payback, Return on Capital Employed. • Discounted techniques: Internal Rate of Return, Net Present Value.*
4. *Investment Appraisal - further aspects • Asset replacement decisions (including equivalent annual cost and lease-or-buy) • Investment appraisal under uncertainty and risk, with taxation.*
5. *Sources of Finance - Introduction • The role and nature of the capital and money markets. • The relative merits and drawbacks of various sources of finance. • Selecting the type, source, and mix of long and short-term finance appropriate to a given situation.*
6. *Sources of Finance - further aspects • Raising finance through Islamic financing• Raising finance for Small and Medium-size Entities*
7. *Weighted average cost of capital (WACC) • Calculating the cost of different sources of finance. • The Weighted Average Cost of Capital*

8. *Portfolio theory and CAPM • The contribution of portfolio theory to risk management. • The Capital Asset Pricing Model (CAPM) as a risk-based technique for calculating the cost of capital, and its strengths and weaknesses. • How cost of capital affects investments*

9. *Introduction to working capital • The elements and importance of working capital • Appropriate sources and mix of finance*

10. *Management of working capital • Management of working capital: cash, receivables, inventory, and payables. • Identification of the weaknesses of, and remedies for, poor working capital management in a given scenario.*

## Learning Activities

Lectures and tutorials.

## References

<b>Course Material</b>	Book
<b>Author</b>	Brealey, R., Myers, S. & Allen, F.
<b>Publishing Year</b>	2011
<b>Title</b>	Principles of Corporate Finance
<b>Subtitle</b>	
<b>Edition</b>	10th
<b>Publisher</b>	McGraw-Hill
<b>ISBN</b>	

<b>Course Material</b>	Book
<b>Author</b>	Meggison, W., Smart, S. & Lucey, B.
<b>Publishing Year</b>	2008
<b>Title</b>	Introduction to Corporate Finance
<b>Subtitle</b>	
<b>Edition</b>	1st
<b>Publisher</b>	South Western Cengage Learning
<b>ISBN</b>	

<b>Course Material</b>	Book
<b>Author</b>	Head, A. & Watson, D.
<b>Publishing Year</b>	2013
<b>Title</b>	Corporate Finance
<b>Subtitle</b>	Principles & Practice
<b>Edition</b>	6th
<b>Publisher</b>	Financial Times/ Prentice Hall
<b>ISBN</b>	

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## Notes

This module provides learners with an introduction to the functions of Corporate Finance, together with developing an understanding of the challenges and opportunities facing the financial manager.