

Liverpool John Moores University

Title: FINANCIAL & RISK ANALYSIS
Status: Definitive
Code: **6002KFBAF** (118513)
Version Start Date: 01-08-2011

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

Team	Leader
Tony Hall	

Academic Level: FHEQ6
Credit Value: 24.00
Total Delivered Hours: 55.00
Total Learning Hours: 240
Private Study: 185

Delivery Options

Course typically offered: Standard Year Long

Component	Contact Hours
Lecture	26.000
Tutorial	26.000

Grading Basis: 40 %

Assessment Details

Category	Short Description	Description	Weighting (%)	Exam Duration
Exam	AS1	Unseen, closed book, exam	67.0	3.00
Report	AS2	Individual assignment allowing a practical evaluation of a firm's financing, dividend and working capital management policies.	33.0	

Aims

To provide an in-depth analysis of a firm's financing, distribution and risk management decisions.

Learning Outcomes

After completing the module the student should be able to:

- 1 Assess the implications of the efficient markets hypothesis to the financing and dividend decisions of the firm.
- 2 Evaluate the firms financing decisions.
- 3 Analyse corporate dividend policy.
- 4 Evaluate the firm's short term financing decisions.
- 5 Analyse risk management techniques and the use of derivative contracts.
- 6 Use real options to evaluate investment decisions.
- 7 Evaluate, using real world data, a firms gearing, dividend and working capital management policies.

Learning Outcomes of Assessments

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

Unseen exam	1	2	3	4	5	6
Written assignment	7					

Outline Syllabus

Derivation of a firms weighted average cost of capital.

Evaluation of the optimal capital structure.

Consideration of the Adjusted Present Value model in the areas of financing and overseas investments.

Analysis of the optimal dividend policy.

Evaluation of the firm's debtor, stock and cash management policies.

Valuation of option contracts using the binomial and Black-Scholes option pricing models.

Evaluation of physical investment decisions using the option theoretic framework.

Use derivative contracts to hedge interest rate and currency risk.

Learning Activities

Lectures, tutorials, student presentations.

References

Course Material	Book
Author	Brealey R.A., Myers S.C & Allen F.
Publishing Year	2010
Title	Principles of Corporate Finance
Subtitle	
Edition	10th edition
Publisher	McGraw Hill

ISBN	0071266755
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Course Material	Book
Author	Dubofsky D.A. & Miller T.W.
Publishing Year	2002
Title	Derivatives: Valuation and Risk Management
Subtitle	
Edition	
Publisher	Oxford University Press
ISBN	0-19-511470

Course Material	Book
Author	Lumby S. & Jones C.
Publishing Year	2010
Title	Investment Appraisal and Financial Decisions
Subtitle	
Edition	8th edition
Publisher	Thompson Business Press
ISBN	1861529260

Notes

The module evaluates financial and risk management decisions within a corporate environment.

The assignment allows a practical evaluation of a selected firm's financing, dividend and working capital management decisions and provides formative feedback and evidence of graduate skills development.

The examination is the terminal summative assessment.