Liverpool John Moores University

Title:	FINANCIAL AND RISK ANALYSIS
Status:	Definitive
Code:	**6502FTKAE** (106413)
Version Start Date:	01-08-2011
Owning School/Faculty:	Liverpool Business School
Teaching School/Faculty:	Kaplan Financial London

Team	Leader
Tony Hall	Y

Academic Level:	FHEQ6	**Credit Value:**	24.00	**Total Delivered Hours:**	54.00
Total Learning Hours:	240	**Private Study:**	186		

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	Exam	75.0	2.00
Report	AS2	Coursework	25.0	

Aims

To provide students with an in-depth analysis of the 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 financing and dividend decisions.
10	Analyse the financial implications of merger and take-over activity.
11	Communicate effectively within a written report.
2	Calculate the firm's cost of equity, debt and preference share capital together with the weighted average cost of capital
3	Analyse a firm's capital structure decision in worlds with and without taxation.
4	Evaluate complex investment financing and leasing decisions using the adjusted present value model.
5	Analyse corporate dividend policy in worlds with and without taxation
6	Evaluate the firm's short term financing decisions.
7	Analyse the valuation of option contracts.
8	Evaluate investment appraisal decisions using option-pricing theory.
9	Evaluate risk-hedging strategies using forward, futures, swaps and options contracts.

Learning Outcomes of Assessments

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

EXAM	1	2	3	4	5	6	7	8	9	10
CW	2	3	5	6	11					

Outline Syllabus

Calculation of the cost of capital utilising the dividend valuation model and the capital asset pricing model.

Evaluation of the Modigliani and Miller model of optimal capital structure.

Consideration of the Adjusted Present Value model in the area of financing and overseas investment.

Analysis of the optimal dividend decision.

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

Valuation of option contracts using the binomial and Black-Scholes normal distribution model.

Evaluate physical investment decisions using the option theoretic framework.

Investigate the use of derivative contracts as a way of hedging interest rate and exchange rate risk.

Analyse the financial implications of merger and take-over activity.

Learning Activities

Formal lectures, tutorials, student presentations

References

Course Material	Book
Author	Brealey R. & Myers S.C.
Publishing Year	2003
Title	Principles of Corporate Finance
Subtitle	
Edition	7th
Publisher	McGraw Hill
ISBN	0-246766-5

Course Material	Book
Author	Dubofsky D.A. & Miller T.W.
Publishing Year	2003
Title	Derivatives: Valuation and Risk Management
Subtitle	
Edition	1st
Publisher	Oxford University Press
ISBN	0-19-511470

Course Material	Book
Author	Lumby S. & Jones C.
Publishing Year	2003
Title	Investment Appraisal and Financial Decisions
Subtitle	
Edition	7th
Publisher	Thompson Business Press
ISBN	1-86152-257-6

Notes

This module evaluates financial structure, distribution and risk management decisions within a corporate environment.

The coursework, linking theory and practice, provides an opportunity for formative feedback. The examination is the terminal summative assessment.