## **Liverpool** John Moores University

Title: THE THEORY OF FINANCE

Status: Definitive

Code: **7527AE** (107302)

Version Start Date: 01-08-2011

Owning School/Faculty: Liverpool Business School

Teaching School/Faculty: Isle of Man International Business School

Team	emplid	Leader
Alex Watt		Υ

Academic Credit Total

Level: FHEQ7 Value: 15.00 Delivered 32.00

**Hours:** 

Total Private

Learning 150 Study: 118

**Hours:** 

**Delivery Options** 

Course typically offered: Runs Twice - S1 & S2

Component	Contact Hours	
Lecture	20.000	
Tutorial	10.000	

**Grading Basis:** 40 %

#### **Assessment Details**

Category	Short Description	Description	Weighting (%)	Exam Duration
Exam	AS1	Examination	100.0	2.00

#### Aims

To provide a thorough training in financial theory and enable students to apply this knowledge in actual investment decisions.

### **Learning Outcomes**

After completing the module the student should be able to:

1 Explain and critically appraise the theoretical framework underpinning classical

- finance theory.
- 2 Explain how the classical finance theories have developed since their inception, and synthesise and appraise differing viewpoints.
- Demonstrate, where appropriate, classical finance theories mathematically and/or computationally.
- 4 Apply financial theory in actual investment decisions.

# **Learning Outcomes of Assessments**

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

EXAM 1 2 3 4

### **Outline Syllabus**

Risk and return and investment decisions Modern portfolio theory Asset pricing models Common stock valuation The Efficient Market Hypothesis (EMH) Bond pricing Investment management

## **Learning Activities**

Lectures and applied tutorials, including IT workshops.

#### References

Course Material	Book
Author	Benninga, S
Publishing Year	2006
Title	Principles of Finance with Excel
Subtitle	
Edition	
Publisher	Oxford University Press
ISBN	

Course Material	Book
Author	Cuthbertson, K and Nitzsche, D
Publishing Year	2008
Title	Investments
Subtitle	
Edition	
Publisher	2nd edition, Wiley

ISBN	
1351	
10011	

Course Material	Book
Author	Dunis, C, Laws, J and Naim, P
Publishing Year	2003
Title	Applied Quantitative Methods for Trading and Investment
Subtitle	
Edition	
Publisher	Wiley
ISBN	

Course Material	Book
Author	Elton, E, Gruber, M, Brown, S and Goetzmann, W
Publishing Year	2007
Title	Modern Portfolio Theory and Investment Analysis
Subtitle	
Edition	
Publisher	7th edition, Wiley
ISBN	

Course Material	Book
Author	Jones, C
Publishing Year	2007
Title	Investments
Subtitle	
Edition	
Publisher	10th edition, Wiley
ISBN	

# **Notes**

To introduce the students to the fundamental theories of finance which will allow them to put into context the more practically orientated material covered in the second semester modules.

Formative assessment is provided during tutorials and IT workshops. The examination is the summative assessment.