

FP014-30 Mathematics for Finance

22/23

Department

Warwick Foundation Studies

Level

Foundation

Module leader

Chris Jones

Credit value

30

Assessment

40% coursework, 60% exam

Study location

University of Warwick main campus, Coventry

Description

Introductory description

FP014-30 Mathematics for Finance

[Module web page](#)

Module aims

This module provides students with the mathematical and statistical training necessary for successful degree-level study of Finance-related courses. Students will become more competent and grow in self-confidence by practising these techniques under supervision, and will develop intuition and gain valuable insight by applying these techniques to 'real-world' problems.

Outline syllabus

This is an indicative module outline only to give an indication of the sort of topics that may be covered. Actual sessions held may differ.

Pure Mathematics

- Equations and Inequalities
(solving and applying linear, quadratic, and simultaneous equations/inequalities)
- Straight Line Graphs
(relationship between an equation and its graph; gradients, parallel and perpendicular lines)

- Exponentials and Logarithms
(laws of indices, surds and logarithms; solving exponential equations; e and \ln)
- Functions and Sketches
(domain and range; composite and inverse functions; graph sketching techniques)
- Vectors and Matrices
(vector properties and arithmetic; dot product and perpendicular vectors; matrix operations; 2×2 determinants and inverse matrices; solving systems of equations)
- Differentiation
(finding derivatives of polynomials, reciprocals, exponentials, logarithms and trigonometric functions; gradients of curves and stationary points; the chain, product and quotient rules)
- Integration
(indefinite integration as a reverse of differentiation; evaluation of definite integrals)
- Numerical Methods
(determining whether a solution exists in a given range; use methods such as interval bisection and Newton-Raphson to approximate solutions)
- Sequences and Series
(making calculations involving arithmetic and geometric series, including sums to infinity)
- Expansions
(using binomial, Maclaurin and Taylor series formulae to approximate functions)

Statistics and Probability

- Summarising Data
(calculating/estimating measures of location (averages and quartiles) and deviation (spread) from data provided in a list or frequency table).
- Representing Data
(drawing and interpreting box plots; using frequency density to interpret histograms; how to represent data appropriately, including when to use a particular type of graph or chart).
- Correlation and Regression
(calculating and using the product moment correlation coefficient and least squares regression line for a set of bivariate data)
- Probability
(simple theoretical and experimental probability including sample spaces; Venn diagrams; tree diagrams with independent or conditional events; and expected outcomes)
- Binomial and Poisson Distribution
(identifying Binomial and Poisson situations, and using the formulae to calculate probabilities)
- The Normal Distribution
(using given tables to find standard Z probabilities; converting to general normal distributions)
- Confidence Intervals
(calculating confidence intervals for means and proportions, using various confidence levels)
- Hypothesis Testing
(testing one-tailed and two-tailed hypotheses for population means and proportions; conducting a chi-squared test on some categorical data)

Learning outcomes

By the end of the module, students should be able to:

- Apply their repertoire of mathematical and statistical tools and techniques to a variety of contexts.
- Construct rigorous arguments by framing precise statements that lend themselves to mathematical deduction or statistical inference.
- Use a calculator or spreadsheet to perform calculations to an appropriate level of accuracy.
- Undertake basic statistical analyses of data.
- Interpret the results of mathematical calculations and statistical analyses, and use them to inform decision-making.
- Critically appraise reported mathematical and statistical results, carefully considering the validity of the underlying assumptions.

Indicative reading list

Mathematics and Statistics for Business, Management and Finance (Swift, 1997)

Pure Mathematics:

Mathematics for economics and finance: methods and modelling (Anthony and Biggs, 1996)

Elements of Mathematics for Economics and Finance (Mavron and Phillips, 2010)

Statistics:

Probability and Statistics for Finance (Fabozzi et al, 2011)

Statistics for Economics, Accounting and Business Studies (Barrow, 2017)

[View reading list on Talis Aspire](#)

Subject specific skills

No subject specific skills defined for this module.

Transferable skills

No transferable skills defined for this module.

Study

Study time

Type	Required
Lectures	25 sessions of 1 hour (25%)
Seminars	25 sessions of 3 hours (75%)
Total	100 hours

Private study description

Independent study

Costs

No further costs have been identified for this module.

Assessment

You must pass all assessment components to pass the module.

Assessment group D4

	Weighting	Study time
Class Test 1	15%	10 hours
Statistical Report	10%	10 hours
Class Test 2	15%	10 hours
In-person Examination	60%	20 hours

Feedback on assessment

Students to view marked scripts of class tests as well as model solutions, and written feedback will be provided electronically for the Statistical Report.

[Past exam papers for FP014](#)

Availability

Courses

This module is Core for:

- FIOE Warwick International Foundation Programme
 - Year 1 of FP09 Warwick International Foundation Programme - Business Studies and Economics
 - Year 1 of FP15 Warwick International Foundation Programme - Finance