

# IB9RQ-15 Advanced Financial Management

**26/27**

**Department**

Warwick Business School

**Level**

Taught Postgraduate Level

**Module leader**

Alexander Stremme

**Credit value**

15

**Module duration**

9 weeks

**Assessment**

30% coursework, 70% exam

**Study location**

University of Warwick main campus, Coventry

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## Description

### Introductory description

This module is part of a pair of modules to cover the Finance core for the new MSAFM course. Both modules will cover both the buy side and sell side angle, but split content by depth of coverage into foundations (parallel proposal, Term 1) and advanced topics (this proposal, Term 2 module).

This module will build on the foundations of finance theory (recalling that typical MSAFM students will be “non-specialists”) laid down in the Term 1 module, and provides the depth required for certain career destinations targeted by MSAFM

### Module aims

- Extend the range of financial instruments introduced in the “foundations” module to include more complex structures (e.g. derivatives), and explore their “use cases”.
- Develop a general framework for the valuation of contingent claims by “replication”, and explore the complexities of operationalising this framework.
- Extend the ideas of “factor pricing” (CAPM) from the “foundations” module to include multiple factors, ultimately leading to “arbitrage pricing theory”.

- Extend the understanding of the factors that drive corporate financial decision making to include more complex frictions and structures.
- Explore different corporate governance structures, both from the angle of efficiency of decision-making as well as considerations of ethics and social responsibility.
- Provide students with structured opportunities to practise the acquired skills and knowledge using “real world” data and case studies

## 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.

Classification and usage of “Derivatives”

Valuation by “Replication”

Extending the CAPM: Arbitrage Pricing

Topics in Capital Structure

Topics in Capital Budgeting

Corporate Governance

Securities Valuation Methods

Applications in Risk Management and Corporate Decision-Making

## Learning outcomes

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

- Identify and evaluate the reasons why and how firms raise capital and the related financial market frictions
- Discuss and demonstrate clear understanding of how firms choose capital investments, and the main drivers of firm value
- Discuss and demonstrate clear understanding of why and how firms disburse cash to their investors
- Critically assess the factors that determine the optimal investment, financing and payout decisions of a firm
- Analyse case studies and formulate arguments to support a particular solution.

## Indicative reading list

[Reading lists can be found in Talis](#)

## Research element

The group project will be based on an empirical investigation of “real data” that enables students to practice the application of acquired skills and knowledge, and the interpretation of empirical results in the context of the theory learned

## Subject specific skills

Assess models and theories of subject knowledge and understanding, vis-a-vis empirical evidence, in different context and assumptions.

Compute the cost of capital of a firm under alternative assumptions

Use alternative methods for valuing firms to gain important insights into value drivers

Construct spreadsheets to value the equity and debt in a firm's capital structure, and test the robustness of those values to changes in key inputs

Explain and interpret corporate financial information from the financial press

## Transferable skills

Solve structured numerical problems.

Written communication

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## Study

### Study time

Type	Required
Lectures	9 sessions of 2 hours (12%)
Seminars	9 sessions of 1 hour (6%)
Private study	49 hours (33%)
Assessment	74 hours (49%)
Total	150 hours

### Private study description

No private study requirements defined for this module.

### Costs

No further costs have been identified for this module.

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## Assessment

You do not need to pass all assessment components to pass the module.

### Assessment group D

	<b>Weighting</b>	<b>Study time</b>	<b>Eligible for self-certification</b>
<b>Assessment component</b>			
Written report on empirical group project (2,000 words)	20%	15 hours	Yes (extension)
<b>Reassessment component</b>			
Individual Assignment			Yes (extension)
<b>Assessment component</b>			
Class participation	10%	7 hours	No
<b>Reassessment component is the same</b>			
<b>Assessment component</b>			
Centrally-timetabled examination (On-campus)	70%	52 hours	No
<ul style="list-style-type: none"> <li>• Answerbook Green (8 page)</li> <li>• Students may use a calculator</li> </ul>			
<b>Reassessment component is the same</b>			

## Feedback on assessment

via my.wbs

[Past exam papers for IB9RQ](#)

## Availability

There is currently no information about the courses for which this module is core or optional.