

IB9RR-15 Foundations of Financial Management

26/27

Department

Warwick Business School

Level

Taught Postgraduate Level

Module leader

Ruslan Sverchkov

Credit value

15

Module duration

10 weeks

Assessment

30% coursework, 70% exam

Study location

University of Warwick main campus, Coventry

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, buy split content by “depth of coverage” into “foundations” (this module, Term 1) and “advanced topics” (parallel proposal of second Term 2 module).

This module will lay down the foundations of finance theory (recalling that typical MSAFM students will be “non-specialists”), on which the “advanced” topics in the Term 2 core module, but also selected Term 2 electives from the Finance portfolio of masters courses, can build.

Module aims

- Introduce the characteristics of different classes of financial assets, their uses for both firms and investors, and the mechanics of the markets on which these assets trade.
- Develop an understanding of the fundamental trade-off between risk and return, and develop the tools to quantify and operationalise this trade-off.
- Introduce the key decisions involved in “corporate financial management”, and develop an understanding of the objectives and constraints that drive these decisions.

- Develop the conceptual understanding and practical tools required to make optimal investment decisions in the presence of uncertainty (“risk”).
- 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.

PART A: Foundations

Financial Markets & Instruments

Drivers of Return: Time Value

Drivers of Return: Risk

PART B: “buy side” (investor’s perspective)

Equity Valuation

Bond Valuation

Optimal Portfolio Allocation

Capital Asset Pricing Model

PART C: “sell side” (firm’s perspective)

Capital Structure (Financing Decision)

Capital Budgeting (Investment Decision)

Pay-out Policy

Learning outcomes

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

- Explain the characteristics, typical “use cases” of, and risks involved in, different classes of financial assets
- Demonstrate a profound understanding of the fundamental trade-off between risk and return, and how this affects value and decision-making
- Describe the key decisions involved in corporate financial management, and the objectives and constraints that drive these decisions.
- Use a variety of quantitative tools to analyse financial data to derive/evaluate optimal decision-making
- Analyse case studies and construct arguments to support a particular solution

Indicative reading list

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

Subject specific skills

Apply quantitative methods to calculate the values of different financial assets.

Analyse a firm’s financial statements and use this to evaluate optimal corporate financing,

investment, and pay-out decisions.

Assess the risks of investment opportunities using a variety of quantitative tools, and use this to derive or evaluate optimal portfolio choice.

Transferable skills

Problem solving

Use of numerical and statistical tools

Communicate complex ideas effectively, both verbally and in writing

Study

Study time

| Type | Required |
|---------------|------------------------------|
| Lectures | 10 sessions of 2 hours (13%) |
| Seminars | 9 sessions of 1 hour (6%) |
| Private study | 50 hours (33%) |
| Assessment | 71 hours (47%) |
| Total | 150 hours |

Private study description

No private study requirements defined for this module.

Costs

No further costs have been identified for this module.

Assessment

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

Assessment group D

| Assessment component | Weighting | Study time | Eligible for self-certification |
|----------------------|-----------|------------|---------------------------------|
| Class Participation | 10% | 7 hours | No |

| | Weighting | Study time | Eligible for self-certification |
|--|------------------|-------------------|--|
|--|------------------|-------------------|--|

Reassessment component is the same

Assessment component

| | | | |
|-----------------------|-----|----------|-----------------|
| Individual Assignment | 20% | 14 hours | Yes (extension) |
|-----------------------|-----|----------|-----------------|

Reassessment component is the same

Assessment component

| | | | |
|--|-----|----------|----|
| Centrally-timetabled examination (On-campus) Written exam | 70% | 50 hours | No |
|--|-----|----------|----|

- Answerbook Pink (12 page)
- Students may use a calculator

Reassessment component is the same

Feedback on assessment

via my.wbs

[Past exam papers for IB9RR](#)

Availability

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