Aston Business School
Birmingham

BFM206 BUSINESS FINANCE

Academic Year 2011/12

Number of Aston Credits:	15
Number of ECTS Credits:	7.5

Staff Member Responsible for the Module:

Dr Dudley Gilder, Finance, Accounting & Law Group,
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Availability: See 'office hours'
Or contact the Finance, Accounting & Law Group Administrator:
Mrs Rosaleen Shirley, Room ABS 404, Extension 3238

Pre-requisites for the Module:

None

Mode of Attendance:

On-Campus

Module Objectives and Learning Outcomes:

The overall objective of this module is to give students an understanding of the fundamentals of corporate finance theory. In particular, it will be shown how firms, individuals and, more generally speaking, financial markets take decisions about the optimal investment and financing policy. Indeed, after an introduction of the ways to value financial assets, bonds and stocks, the module will focus on the theory and practice of Investment and Financing decisions.

On completing the module, students should be able to:

- Evaluate investment projects;
- Evaluate financial securities, bonds and stocks;
- Understand the concept of Risk and Return;
- Construct optimal portfolios hedged against different sources of risk;
- Understand the Modigliani-Miller theorems of capital structure and dividend policy irrelevance.

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- Understand the importance of the capital structure policies for the firm value and the investment decisions in imperfect capital markets.

Module Content:

Week 1	Objectives of the firm; Net Present Value (NPV); How to calculate the NPV
Week 2	Net Present Value, Payback, and Internal Rate of Return rules for the investment decisions
Week 3	How to value Bonds and Common stocks
Week 4	Portfolio Theory
Week 5	CAPM
Week 6	Capital Budgeting and Risk (NPV with risk): theory and practice
Week 7	Capital Structure
Week 8	Payout Policy
Week 9	Revision
Week 10	**Examination**

Corporate Connections:

The course introduces the key principles of selecting real investments, financing them, extracting value and managing risk by using real-world case studies wherever possible.

International Dimensions:

In the presence of global financial markets, the study of finance and investments naturally transcends national boundaries. The module relates to the operation of global financial markets and regimes and is founded upon international financial research publications.

Contribution of Research:

During the course students will be referred to selected academic articles in the area.

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Method of Teaching:

This module will be delivered through a combination of lectures and tutorials totaling the equivalent of 3 hours contact time per teaching week for one semester. In addition to formal class contact hours, students are expected to follow the suggested learning hour guide, in allowing time for private study.

Method of Assessment and Feedback:

A 2-hour closed book examination. The examination will require students to answer a mixture of numerical and essay questions. This is consistent with the learning objectives for the module.

Learning Hours:

Contact hours	30
Directed Learning	20
Directed Reading	40
Further Private Study	60
Total	150

The following essential and recommended readings are subject to change. Students should not therefore purchase textbooks prior to commencing their course. If students wish to undertake background reading before starting the course, many of the chapters/readings are available in electronic form via on-line library catalogues and other resources.

Essential Reading:

Brealey, R.A., Myers, S.C., and Allen, F. (2008), Principles of Corporate Finance, 9th Edition, McGraw Hill, International Edition.

Bodie, Z., Kane, A., and Marcus, A. (2009), Investments, 8th Edition, McGraw Hill, International Edition.

Indicative Bibliography:

R.A., Brealey, S.C., Myers and F. Allen (2006), Corporate Finance, 8th Edition, McGraw Hill, International Edition.

R.A. Brealey, S.C. Myers and A. Marcus (2009), Fundamentals of Corporate Finance, 6th Edition, McGraw Hill, International Edition.

A.S. Ross, Westerfield, R. W., and B.D. Jordan (2008), Corporate Finance. Fundamentals, 8th Edition, McGraw Hill, International Edition.

Berk, J., DeMarzo, P., and Harford, J. (2009), Fundamentals of Corporate Finance, Pearson International Edition.

Copeland T. E. and Weston J. F. (1992), Financial Theory and Corporate Policy, Pearson-Adison Wesley.