Aston Business School
Birmingham

BFM206 BUSINESS FINANCE

Academic Year 2012/13

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

Staff Member Responsible for the Module:

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

Pre-requisites for the Module:

Students must be registered for the MSc in Finance and Investments or MSc in Investment Analysis.

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, the module will focus on the theory and practice of Investment and Financing decisions.

Programme level learning outcomes

Students should know and understand:

- Strategic decision making within a financial context
- Main decision making areas in finance and investments
- Key decision-making tools in finance and investments

Students should develop the following intellectual skills:

- Problem solving
- Critical analysis

Students should develop the following transferable skills:

- Time management skills
- Listening skills

Module level learning outcomes

On completing the module, students should be able to:

- Solve pricing problems.
- Examine and solve capital budgeting problems.
- Explain the concept of risk and return.
- Examine and apply the main theories of asset pricing.
- Outline, contrast and evaluate the main theories of capital structure and dividend policy.
- Explain and examine the importance of capital structure policies for the firm value and the investment decisions in imperfect capital markets.

Module Content:

Week 1: Time Value of Money; Equity Valuation

Week 2: Investment Rules

Week 3: Net Present Value and Equivalent Annual Cost; Risk Analysis and Real Options

Week 4: Portfolio Theory; CAPM

Week 5: Arbitrage Pricing Theory; Capital Budgeting and Risk

Week 6: Capital Structure

Week 7: Payout Policy

Week 8: Capital Budgeting for Levered Firms

Week 9: Revision

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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.

Ethics, Responsibility and Sustainability:

This module does not cover topics directly related to ethics, responsibility and sustainability. However, wherever possible, the module encourages students to consider ethical issues raised by the course material.

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. All learning objectives for the module will be examined.

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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:

Hiller, D., Ross, S., Westerfield, R., Jaffe, J. and Jordan, B. (2010) Corporate Finance, European Edition

Indicative Bibliography:

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

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.

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