



Finance II Course Descriptor

Course Title	Finance II	Faculty	Economics
Course Code	NCHEC654	Course Leader	Frank Zheng
Credit Points	15	Teaching Period	Hilary
FHEQ Level	Level 6	Date Approved	June 2020
Compulsory/ Optional	Compulsory		
Pre-requisites	Microeconomics I		
Co-requisites	Finance I		

COURSE SUMMARY

The aim of this course is to provide a rigorous training in finance. The major focus of the course is Corporate Finance. The course is designed to give students the specialist knowledge to undertake academic research in the field of Finance, but will also be valuable for a professional career in Finance.

On completing this course, students are expected to be able to determine the optimal financial policy of a firm, conditions under which an optimal policy exists and how the actual financial decisions of firms may be explained in theoretical terms. The topics covered include the capital structure decision, dividend policy, derivatives and mergers and acquisitions.

In taking this course, students learn to understand the intuition behind the results, and develop their skills in applying theory to the real world.

COURSE AIMS

The course aims to:

- Provide students with a strong foundation in finance from which they will be able either to pursue further study and research or pursue a professional career in finance.
- Provide students with the tools to evaluate and determine optimal financial decisions and capital structures.
- Teach students advanced technical skills in finance.

LEARNING OUTCOMES

On successful completion of the course, students will be able to:

KNOWLEDGE AND UNDERSTANDING

- K1c Express and explain the capital structure theory, and how information asymmetries affect it, as studied in academic literature.
- K2c Understand the trade-off firms face between tax advantages of debt and various costs of debt.

SUBJECT SPECIFIC SKILLS

- S1c Understand and explain the relevance, facts and role of the dividend policy.
- S2c Understand how corporate governance can contribute to firm value, discuss why merger and acquisition activities exist, and calculate the related gains and losses.

TRANSFERABLE AND PROFESSIONAL SKILLS

- T1c Model complex problems effectively and efficiently, and distinguish relevant factors from those which can be safely excluded from the model.
- T2c Present complex ideas in a way which can be easily understood by a non-specialist audience.

TEACHING AND LEARNING

Students will have the opportunity to engage with:

- 1 x virtual learning environment (VLE)
- 15 x large-group hours
- 10 x seminar hours
- 0.75 x tutorial hours (individual or group tutorial)
- Weekly office hours

Students are required to attend and participate in all timetabled sessions for this course and, with the ongoing support available, to manage their directed learning and independent study.

Total study hours for this course are: 150.

EMPLOYABILITY SKILLS

- Students will strengthen their understanding of Corporate Finance, which is transferable to a range of careers across Banking and Finance.
- Students will learn to cope with complexity and ambiguity both in theory and with applications to the real world, which are key skills in Banking and Finance careers.

ASSESSMENT

FORMATIVE

Students will be formatively assessed during the course by means of set assignments. These do not count towards the end of year results, but will provide students with developmental feedback, for example, students will prepare work for each weekly tutorial, which include at home preparation for previous week's taught session. This is further elaborated during a 1:1

session, where students present results of their own work related to financial analysis of a company of their choice.

SUMMATIVE

Assessment will be in one form:

AE:	Assessment Activity	Weighting (%)	Online submission	Duration	Length
1	Examination	100%	N/A	1.5 hours	N/A

FEEDBACK

Students will receive formal feedback in a variety of ways: written (including via email correspondence); oral (within one-to-one tutorials or on an *ad hoc* basis) and indirectly through discussion during group tutorials. Student’s will also attend the formal meeting, Collections, at the end of Michaelmas and Hilary in which they will receive constructive and developmental feedback on their term’s performance.

Feedback is provided on written assignments (including essays, briefings and reports) and through generic internal examiners’ reports, both of which are posted on the College’s VLE.

INDICATIVE READING

Note: Comprehensive and current reading lists for courses are produced annually in the Course Syllabus or other documentation provided to students; the indicative reading list provided below is used as part of the approval/modification process only.

BOOKS

Hillier,D., M.Grinblatt and S.Tit,am (2011), *Financial Markets and Corporate Strategy*. Second European Edition. London: McGraw-Hill,

Brealey,R.,S.Myers and F.Allen (2019), *Principles of Corporate Finance*. 13 Edition. London Mcgraw-Hill.

INDICATIVE TOPICS

Students will study the following topics:

- Capital Structure Theories
- Derivatives
 - Mechanics of Futures Markets
 - Hedging Strategies Using Futures
 - Determination of Forward and Futures Prices
 - Interest rate Futures
 - Swaps
 - Mechanics of Options Markets
 - Properties of Stock Options
 - Trading Strategies Involving Options
- Asset Pricing

- Binomial Trees
- The Black-Scholes-Merton Model
- Options on Stock Indices and Currencies, Options on Futures, Volatility Smiles
- Mergers & Acquisitions and their alternatives

Title: NCHEC654 Finance II Course Descriptor					
Approved by: Academic Board					
Version number	Date approved	Date published	Owner	Location	Proposed next review date
2.1	July 2021	July 2021	Marianna Koli	Academic Handbook/ programme specifications and handbooks/ undergraduate programme specifications/Economics BSc (Hons) Specifications	April 2025
2.0	June 2021	June 2021	Marianna Koli	1 Academic Handbook > Course Descriptors 2 VLE	April 2025
1.0	June 2020	June 2020	Marianna Koli	1 Academic Handbook > Course Descriptors 2 VLE	April 2025
Modifications (As per AQF4)					
Version number	Date approved	Date published	Modification (including category number)		
2.1	July 2021	July 2021	Category 1: Administrative error		
2.0	June 2021	June 2021	Category 2: Change to 'Teaching and Learning Strategy'		