Principles of Corporate Finance & Derivative Securities

Module Code: ECO00012H  Credits: 20  Year: 3  Terms: 1-3
Contact Hours: 18 Lectures, 6 Seminars (24 contact hours)
Module Organiser: Dr P Zerilli

Aims:
- To describe the theory and practice of corporate finance. Throughout this module we will show how to use financial theory to solve practical problems and also to illuminate the institutional material that students of business finance must absorb
- To enumerate and describe the various securities and markets in a clear and concise manner that accurately blends theory and practice

Objectives:
The objective of this module is to provide an advanced analysis of the major issues affecting the financial policy of a modern corporation:
1. The first part of the course (Autumn Term) will examine the fundamentals of corporate finance: the theory of the firm’s choice of its capital structure and dividend policy under alternative assumptions
2. The second part of the course (Spring Term) will focus on the valuation of financial instruments such as options, futures and other derivatives. This part of the course provides an introduction to the valuation of derivative securities. The structure and properties of common derivatives such as forward contracts, futures contracts and options will be discussed. Valuation methods will be developed and applied to different contracts of interest. Hedging policies and risk management aspects will be addressed

Assessment:
There will be a 3-hour unseen examination in the Summer Term. Exercises will be available during the course.

Pre-requisites:
Financial Economics and Capital Markets (ECO00004I)

Main References:
Hull, J C. Options, Futures and other Derivatives. Prentice Hall.