

## COURSE SPECIFICATION DOCUMENT

<b>Academic School / Department:</b>	Richmond Business School
<b>Programme:</b>	Accounting and Finance Finance and Investment
<b>FHEQ Level:</b>	6
<b>Course Title:</b>	Valuation and Cashflow Modelling
<b>Course Code:</b>	FNN 6101
<b>Student Engagement Hours:</b>	160
Lectures: Seminar/Tutorials/Lab:	45
Independent / Guided Learning:	100
Supervision:	15
<b>Semester:</b>	Spring
<b>Credits:</b>	16 UK CATS credits 8 ECTS credits 4 US credits

### **Course Description:**

This is a comprehensive course that focuses on cashflow model-building and other methods used by professionals engaged in finance. The course focuses on applying mathematical formulas utilizing Microsoft Excel™ across a broad range of financial and investment situations. The primary focus of the course is on corporate valuation and its utilisation.

### **Prerequisites:**

FNN 5205 Principles of Investment *and* ACC 5210 Fundamental Analysis.

### **Aims and Objectives:**

This is a comprehensive course in Finance that focuses on model-building, primarily using MS Excel™ to investigate a range of financial case studies. The application of mathematical formulas across a range of financial and investment scenarios enables and encourages students to critically consider the quantitative methods employed by professionals engaged in finance and investment. The key focus is on developing a range of skills which will ultimately enable valuation of a listed company.

## **Programme Outcomes:**

Accounting and Finance: A1, A4, B1, B2, C1, D1, D2, D3

Finance and Investment: A2, A4, B1, B2, B3, B4, B5, C1, C2, D1, D2, D3, D5

A detailed list of the programme outcomes are found in the Programme Specification.

This is located at the archive maintained by the Registry and found at:

<https://www.richmond.ac.uk/programme-and-course-specifications/>

## **Learning Outcomes:**

By the end of this course, successful students should be able to:

### Knowledge and Understanding

- Develop a full understanding of the almost infinite nature of Excel™ as a modelling tool.
- The ability to develop financial models, based on a range of forecasting techniques.
- Critical understanding of the limitations of the modelling process.
- Understand how to present the findings of the model in a short financial report and via a sales pitch.
- Understand how to measure and evaluate corporate performance.

### Cognitive Skills

- Understanding the importance of alternative approaches for forecasting financial statements.
- To compare and contrast alternative financial models (e.g. comparable analysis, discounted free cash flow analysis) for corporate valuation.
- To understand the use of sensitivity and scenario analysis within financial modelling to assess performance and to identify possible results and related courses of action.
- Critical approach to case study analysis using real world data.

### Practical and/or Professional Skills

- Quantitative and IT skills including the framing of data, its interpretation, extrapolation and presentation.
- Integration of empirical data within a textual-based report.
- To be able to identify, compare and contrast key financial modelling techniques in the context of a particular set of circumstances.
- The ability to make recommendations, both tactical and strategic, based on the findings of a model.
- To be able to make a sales pitch for the corporate takeover of a public company.

### Key Skills

- Effective communication skills via a range of media.
- Ability to develop strong analytical and technical skills through listening, discussion and reflection.

**Indicative Content:**

- Introduction to financial modelling using Excel™
- Analysis of financial performance using Excel™
- Cash flow modelling
- Company valuation: cash flow estimation
- Company valuation: the cost of capital
- Company valuation: sensitivity and scenario analysis
- Pitching your ideas

**Assessment:**

This course conforms to the University Assessment Norms approved at Academic Board and located at: <https://www.richmond.ac.uk/university-policies>

**Teaching Methodology :**

Semi-formal weekly presentation of material in a hands-on interactive PC Lab format. Supplemented with a set of readings and some audio-visual material. Full use of IT, particularly Excel, but also including social media and podcasts, is required and supported. The set of case studies, building to a corporate valuation, is of crucial impact as a learning tool. A decent financial calculator is required.

**Indicative Text(s):**

Benninga, Simon (2014) *Financial Modeling*, fourth edition. MIT Press. [Available for Kindle](#).  
Cohen, Ivan K. (2015) *Economics For Business*. Kogan Page. [Available for Kindle](#).  
Cohen, Ivan K. (2006) *Focus on Financial Management*. World Scientific.  
Day, Alastair (2012), *Mastering Financial Modelling in Microsoft Excel: A Practitioner's Guide to Applied Corporate Finance*, third edition. FT/Prentice Hall. [Available for Kindle](#).  
Higgins, Robert C. (2018) *Analysis for Financial Management*. 12<sup>th</sup> edition. McGraw-Hill. [Available for Kindle](#).  
Koller, Tim and Marc Goedhart and David Wessels (2020) *Valuation: Measuring and Managing the Value of Companies*, seventh edition. Wiley. [Available for Kindle](#).

**Journals****Web Sites**

The Financial Times ([ft.com](http://ft.com))  
The Economist ([economist.com](http://economist.com))  
The Wall Street Journal ([wsj.com](http://wsj.com))  
The Bank for International Settlements (BIS) ([bis.org](http://bis.org)) The European Central Bank (ECB) ([www.ecb.europa.eu](http://www.ecb.europa.eu)) The Bundesbank ([www.bundesbank.de](http://www.bundesbank.de))  
The Bank of England ([www.bankofengland.co.uk](http://www.bankofengland.co.uk))  
The Bank of Japan ([www.boj.or.jp/en](http://www.boj.or.jp/en))  
The Federal Reserve Board ([www.federalreserve.gov](http://www.federalreserve.gov)) Google Finance ([www.google.co.uk/finance?tab=we](http://www.google.co.uk/finance?tab=we)) CNBC ([www.cnbc.com](http://www.cnbc.com))  
OzForex ([www.ofx.com](http://www.ofx.com))  
Global Financial Data ([www.globalfinancialdata.com](http://www.globalfinancialdata.com)) Ice Futures ([www.theice.com](http://www.theice.com))  
CME Group ([www.cmegroup.com](http://www.cmegroup.com))  
Xe.com (currency data and news) ([www.xe.com](http://www.xe.com)) OANDA (forex data) ([www.oanda.com](http://www.oanda.com))

See syllabus for complete reading list

**Change Log for this CSD:**

Nature of Change	Date Approved & Approval Body (School or AB)	Change Actioned by Registry Services
Change of title		
Change of prerequisites		
Change to atypical assessment norms		
Various updates as part of the UG programme review	AB Jan 2022	