

FIN361 Financial Modelling

Level: 3

Credit Units: 5 Credit Units

Language: ENGLISH

Presentation Pattern: EVERY JAN

Synopsis:

The objective of this course is to apply finance theories and concepts learned in other finance courses to financial modeling for equity, derivative and other financial assets.

Topics:

- Financial Planning Models: Profit & Loss, Ratio and Trend Analysis
- Sustainability and Deriving Cash Flows
- Forward, Futures and Swaps
- Black-Sholes Option Pricing Models and Risk Management
- Bond Valuation Models: Cash Flows and Yield Measures
- Bond Valuation Models: Duration and Portfolio results
- Investment Model, Payback Period and Accounting Return
- Net Present Value, Internal Rate of Return and Sensitivity Analysis
- Capital Asset Pricing Model
- Dividend Growth Model and Weighted Cost of Capital
- Accounts and Dividends
- Stock Market or Market Method and Free Cash Flows

Textbooks:

Alistair Day: Mastering Financial Modelling in Microsoft Excel 2nd ed. 2nd Pearson
ISBN-13: 9780273708063

Alistair Day: Mastering Financial Modelling in Microsoft Excel 2nd ed. 2nd Pearson
ISBN-13: 9780273708063-AA

Learning Outcome:

- Illustrate option payoffs and pricing using Put-Call Parity and the Black Scholes Option Pricing Model.
- Design risk management strategies using options.
- Analyse the firm's cash flow, financial statements, important financial ratios and conduct trend analysis keeping in mind the problems and pitfalls of financial planning models.
- Calculate the value of bonds incorporating various factors that impact bond prices.
- Appraise viable investment projects using a variety of modeling techniques such as NPV, payback period, discount payback, accounting return, internal rate of return and profit index.
- Interpret the various factors that determine a firm's optimal capital structure and its cost of capital.
- Demonstrate the essential knowledge to analyse financial statements, the implications of changes therein, and distinguish between the implications of using book valuation and market valuation.
- Set up excel spreadsheets to model financial concepts, including computation of costs and benefits of different sources of funds, various capital budgeting techniques and valuation and risk management strategies in finance.

Assessment Strategies:

Continuous Assessment Component	Weightage (%)
QUIZ	20
TUTOR-MARKED ASSIGNMENT	30
Sub-Total	50

Examinable Component	Weightage (%)
ECA	50
Sub-Total	50

Weightage Total **100**