

MSc Accounting & Finance

The following information is applicable for academic year 2017-18

Programme Structure

Week Zero	Induction Week			
TERM 1				
Weeks 1 - 10	IB98X0 Issues in Accounting I	IB9EN0 Asset Pricing & Investments	IB9EM0 Corporate Financial Mgmt	IB9CU0 Research Methods in Accounting
Week 11	End of term tests			
TERM 2				
Week 1	Exam Period Term 1 Modules			
Weeks 2 - 10	IB98X0 Issues in Accounting II	IB9Y9A Financial Reporting & Stmt. Analysis	Elective	Elective
TERM 3				
Weeks 1 - 3	Exam Period Term 2 Modules			
May - September	IB98Y0 Dissertation			

N.B. The Issues in Accounting module is worth 30 CATS. All other modules are worth 15 CATS and the Dissertation is worth 60 CATS.

Term 1+2: Core Module

 IB98X0: **Issues in Accounting** (Terms 1 & 2)

IA

The principal aims of this module are, firstly, to build on the students' accounting knowledge by developing an integrated and critical understanding of the major "themes" of accounting. This will provide an intellectual underpinning to the students' approach to the other modules in the programme.

The second aim is to provide an opportunity for students to examine in depth current topics in financial reporting. The approach to these topics will develop students' technical knowledge and skills but will also adopt a critical perspective on recent developments and ideas in financial reporting. Technical understanding and critical evaluation of the chosen topics will provide a relevant background for issues encountered in other modules in the programme.

Term 1: The **themes in accounting** will be covered in term one. Each themed section will engage students with key relevant issues that will enable students to develop an integrated critical approach to accounting. The structure of this term will be:

Introduction to the themes and the context of accounting; issues in management accounting and control; positive accounting theory: accounting information and capital markets; overview and integration of the themes.

Term 2: **Current topics in financial reporting** will be taught in term two. The topics covered in this section should be chosen to provide students with the opportunity to study, in depth, a number of major current and developing areas on international financial reporting. The approach taken will combine high level technical knowledge with a challenging, critical and analytical approach to the conventional or orthodox solutions. The knowledge gained in this section will inform students' study in other modules in the programme. Topics covered in Term 2 may include:

The IASB conceptual framework project; fair values in accounting; accounting for financial instruments; consolidation accounting and investments in other entities; accounting for employee and pension costs; accounting for special purpose transactions; revenue recognition

Assessment: 3-hour **Exam** (Term 3: April/May) counting for 70% of the module mark, **Individual Assignment** (20%), and **Group Presentation** (10%).

Term 1: Core Modules
IB9ENO: Asset Pricing & Investments
API

This module aims to explore and formalize the fundamental relationships between investors' decision-making in the presence of uncertainty ("risk") and the cross-sectional and inter-temporal properties of the prices and returns of financial assets. Topics covered will include ...

Illustrative (indicative, may be subject to minor changes)

Syllabus: Markets and Instruments
 Preferences and Choice: Time Value
 Money Market
 Preferences and Choice: Risk
 Portfolio Theory I: Efficient Diversification
 Portfolio Theory II: CAPM
 Efficient Markets and Portfolio Performance
 Bond Prices and Yields
 Equity Valuation and Financial Statements
 Introduction to Derivatives

Assessment: 2-hour **Exam** (January) counting for 60% of the module mark, 2 × **Class Tests** (2 × 10% = 20%), and **Group Project** assignment (20%).

IB9EM0: Corporate Financial Management
CFM

The aim of this module is to provide students with an introduction to the principles of corporate finance. To illustrate how the basic tools and techniques of modern finance theory can be applied to analyse and improve the investment and financing decisions of the firm. Topics covered include ...

Syllabus: Capital Structure
 Capital Budgeting
 Agency Costs and other Frictions
 Payout Policy
 Corporate Risk Management

Assessment: 2-hour **Exam** (January) counting for 80% of the module mark, and 2 **Class Tests** (2 × 10% = 20%).

IB9CU0: Research Methods in Accounting**RMA**

This module will provide an overview of the various dominant research methodologies in accounting research, ranging from econometrics through to interviews, case studies, experiments and various forms of textual analysis. One of the main purposes of the module, combined with what is learned in 'Issues in Accounting', is to prepare students for the dissertation. This aims to provide you with a good understanding of how we create knowledge about how accounting does, and should, work in practice. Topics covered may include ...

Illustrative (indicative, may be subject to minor changes)

Syllabus: Qualitative Research Methods
Content Analysis
Econometrics: Univariate Analysis
Linear Regression Models
Non-Linear Regression Models
Panel Data and Endogeneity

Assessment: 2-hour **Exam** (January) counting for 60% of the module mark, and **Individual Coursework** assignment (2,500 words) worth 40%.

Term 2 Core Module

IB9Y9A: Financial Reporting and Financial Statement Analysis**FRSA**

This module aims to enable students to interpret financial statements in context and apply appropriate models and techniques for company valuation and related business issues. Also, enable them to gain an understanding of how accounting provides data for corporate finance analysis. Topics covered include:

Illustrative (indicative, may be subject to minor changes)
Syllabus: Cash Flow and Profit as Financial Performance Measures
Reformulating Financial Statements for Valuation Analysis
Ratio Analysis and Forecasting Financial Performance
Cash Flow and Accounting Valuation Models
Earnings Management and Financial Statement Analysis
Credit Analysis and Financial Statements
Financial Reporting Quality and Corporate Governance
Value Relevance of Financial Statements

Assessment: **Individual Project** counting for 80% of the module mark, and **Group Presentation** (20%).

Term 2 Elective Modules

Note: Students must choose TWO modules from a list of available electives, one of which MUST be an Accounting module. The following list is indicative only, minor changes may be possible.

Electives: (brief list, details on following pages)

Accounting Modules:

IB9AH0:	Accounting Information & Markets	AIM
IB9120:	Corporate Governance & Financial Reporting	CG
IB98W0:	Management Accounting & Control	MAC

Finance / Behavioural Sciences:

IB9Y10:	Banks and Financial Institutions	BFI
IB9Y20:	Behavioural Finance	BF
IB8X70:	Derivative Securities	DS
IB95R0:	Financial Risk Management	FRM
IB9X80:	Fixed Income & Credit Risk	FICR
IB9670:	International Financial Markets	IFM(kt)
IB9AG0:	Judgement & Decision Making	JDM
IB9Y30:	Mergers and Acquisitions & Corporate Control	MACC
IB9EL0:	Practice of Investment Management	POIM

IB9AH0:	Accounting Information & Markets	AIM
	<p><i>Students will develop their understanding of how reported accounting numbers affect firm value both directly and via cost of capital. They will learn how firms' disclosure choices may be perceived by market participants and how this affects the values assigned to those firms. Students will also come to appreciate how accounting is inadequate in some circumstances and learn how markets make sense of companies' investments in intangible assets. Topics may include:</i></p>	
Illustrative Syllabus:	<p>(indicative, may be subject to minor changes)</p> <p>Introduction to Accounting-Based Valuation Models Share Price Anticipation of Earnings Corporate Disclosure Policy and Share Price Anticipation of Earnings Voluntary Disclosure: Theoretical Incentives and Empirical Evidence Earnings Conservatism Ohlson's 1995 Unbiased Accounting Model Dividends in Equity Valuation Where Accounting Fails: R&D and Equity Valuation Earnings Management: Theory and Evidence</p>	
Assessment:	<p>2-hour Exam (Term 3: April/May) counting for 70% of the module mark, Group Assessment (20%) and, Group case study presentation (10%).</p>	
IB9Y10:	Banks & Financial Institutions	BFI
	<p><i>The main objective of this module is to consider the theory and practice of banking in the 21st Century; specifically to highlight the facilitation role of banks as intermediaries between borrowers and lenders, and as providers of liquidity. We will discuss ways in which banks can diversify their activities e.g. international trade, wholesale banking, off-balance sheet banking, or securitisation. We describe the international payments system, the inter-bank markets, and the Eurocurrency markets. The module compares and contrasts the banking systems, including regulatory regimes, in the UK, US, Europe and Japan. We review the key features of the Basel I & II agreements on capital adequacy, critically assess the proposals in the Basel III agreement, and examine the possible causes of bank failure. Topics covered will include ...</i></p>	
Illustrative Syllabus:	<p>(indicative, may be subject to minor changes)</p> <p>Banks as Financial Intermediaries and as Providers of Liquidity Competitive Issues in Global Banking Banking in the UK, Europe, US and Japan Inter-Bank Markets and the Euro-Markets Credit Risk, Settlement Risk, Liquidity Risk, Operational Risk, Political Risk (Interest-Rate Risk, Exchange-Rate Risk) Asset-Liability Management (e.g. Duration Gap Analysis) Banking Supervision and the Role of the Central Bank Capital Adequacy Agreements: Basel (1988), Basel II, III Bank Failures</p>	
Assessment:	<p>2-hour Exam (term 3: April/May) counting for 80% of the module mark, and Class Test (20%)</p>	

IB9Y20: Behavioural Finance
BF

Psychologists working in the area of behavioural decision-making have produced much evidence against the adequacy of neoclassical economics. Behavioural finance comprises financial analysis which relaxes some of these assumptions. It is a paradigm where financial markets are studied using models that are less narrow than those based on von Neumann-Morgenstern expected utility theory and arbitrage assumptions. Topics covered include:

Illustrative (indicative, may be subject to minor changes)
 Syllabus: Market Efficiency
 Prospect Theory
 Loss aversion
 The Impact of Knightian Uncertainty
 Limits to Arbitrage
 Overconfidence in Financial Markets
 Herding and Asset Bubbles
 Paradoxes and Anomalies
 The Disposition Effect
 Investor Sentiments

Assessment: 2-hour **Exam** in Term 3 (April/May) counting for 70% of the module mark, and Group **Coursework** (30%).

IB9120: Corporate Governance & Financial Reporting
CG

The aim of the module is to discuss the position of governance in corporate contracting and how it helps align the actions of managers with the interests of shareholders. The main focus will be on a number of corporate governance mechanisms and practices (e.g., board of directors, executive compensation, institutional shareholders). Additionally, it aims to examine the importance of debt contracting and the associated information asymmetries between borrowers and lenders for firm-decision making. The module will pay specific attention on how the corporate information environment plays a central role in the design of such mechanisms and the importance of financial accounting information within this context. The main objective of the module is to help students understand the theoretical underpinnings of Corporate Governance and how it is designed to mitigate agency conflicts between managers and shareholders. Information asymmetry is the main reason behind such conflicts; the module aims to show how firms choose to design their Corporate Governance mechanisms to resolve such conflicts and how financial reporting also helps mitigate such information asymmetries. A central question that the module will aim to answer is whether certain governance structures are unconditionally “good” or “bad” or can be driven by certain business environments. The module also aims to tie together theoretical structures and their empirical testing, thus giving the students an understanding of how different corporate governance phenomena can be explained by academic research. Topics covered may include:

Illustrative (indicative, may be subject to minor changes)
 Syllabus: The position of Corporate Governance within corporate contracting
 Does “good” Governance really exist?

Understand the reasons why Corporate Governance systems are different across countries
 The role of the board of directors, its responsibilities and its importance for firm decision-making
 Board structure, its determinants and its consequences for the firm
 The importance of information transparency for board structure and different mechanisms for improving it
 Purposes, Components and International Differences in Executive Pay
 The design of Executive Pay Packages
 Short-term and Long-term Incentives and the notion of “Inside Debt”
 Stock Options and Firm Risk
 The Use of Performance Measures for evaluating managers
 The use of accounting information for assessing managerial performance
 Pay Incentives and Earnings Management
 The role of Compensation Consultants for Executive Pay
 Institutional investors and their importance for firm-decision making and corporate governance
 The theories of “voice” and “exit” on the role of Institutional investors for corporate governance
 Institutional investors and informational transparency
 The importance of investor horizons for corporate governance
 The importance of shareholder voting for corporate governance (including Say-on-Pay)
 Debt contracting, information asymmetries between borrowers and lenders and their importance for firm-decision making

Assessment: 1.5-hour **Exam** (Term 3: April/May) counting for 70% of the module mark, **individual assignment** of 2000 words counting for 20% of the module mark and **Group presentation** (10%).

IB9X70: Derivative Securities DS

This module will develop an in-depth understanding of the characteristics of different classes of derivative securities such as forwards and futures, swaps and options; the markets in which these securities are traded; their potential use as instruments for managing risk; methods for valuing these securities; and the application of these methods in other areas of finance. Topics covered include:

Illustrative (indicative, may be subject to minor changes)
 Syllabus: Forwards and Futures Markets
 Futures Pricing: Using Futures to Hedge Risks
 Forward Rates and Interest Rate Derivatives
 Options Markets
 Strategies Involving Options
 Option Pricing in the Binomial Model
 Black-Scholes Pricing Formula and the “Greeks”
 Measuring and Managing the Risk of Options Portfolios.

Assessment: 2-hour **Exam** (Term 3: April/May) counting for 80% of the module mark, and **Class Test** (20%).

IB95R0: Financial Risk Management
FRM

The module explains the need for financial risk management, the techniques to measure financial risks according to the regulatory framework, and tools for the management of risk exposure. Students will be introduced to quantitative methods of risk measurement and risk management. Topics covered include:

Illustrative (indicative, may be subject to minor changes)

Syllabus: How to Identify Financial Risks
 Coherent Risk Measures
 Models for Uncertainty
 Numerical Tools – Monte Carlo Simulation
 Approximations and Factor Reduction
 Bayesian Uncertainty – Parameter Risk
 The Regulatory Framework of Financial Risk Management

Assessment: 2-hour **Exam** (Term 3: April/May) counting for 80% of the module mark, and **Class Test** (20%).

IB9X80: Fixed Income & Credit Risk
FICR

This module will help students get to grips with the tools for the assessment and management of fixed income and credit risk. Topics covered include:

Illustrative (indicative, may be subject to minor changes)

Syllabus: Bonds and Money-Market Instruments
 Bond Prices and Yields
 Term Structure of Interest Rates
 Martingale Pricing
 Continuous-Time Stochastic Processes
 Affine Term Structure Models
 Credit Risk Management
 Structural and Intensity-Based Credit Risk Modelling
 Credit Derivatives.

Assessment: 2-hour **Exam** (Term 3: April/May) counting for 70% of the module mark, **Class Test** (10%), and **Group Project** (20%).

IB9670: International Financial Markets IFM(kt)

This module aims to provide an advanced survey of the theory and evidence relating to international financial markets, and in particular the foreign exchange market. Topics covered include:

Illustrative (indicative, may be subject to minor changes)
Syllabus: Efficiency of the Foreign Exchange (Forex) Market
Purchasing Power Parity and the Real Exchange Rate
Exchange Rate Determination
Forecasting Exchange Rates
Exchange Rate Models and Economic Value
Official Intervention in the Forex Market
The Microstructure of the Forex Market
Active Management of Forex Portfolios

Assessment: 2-hour **Exam** (Term 3: April/May) counting for 80% of the module mark, and **Class Test** (20%).

IB9AG0: Judgement & Decision Making JDM

This module will provide an introduction to the psychology of human judgement and decision making. This field provides the foundation for understanding the decision-making processes involved in financial markets. It aims to encourage students to see how the insights from this work can understand the origins of rational and irrationality in financial decision makers and financial markets; help improve their own financial decision-making, judgements and predictions; provide a broader understanding of decision-making throughout the finance industry, including strategic and managerial decision-making. Topics covered include:

Illustrative (indicative, may be subject to minor changes)
Syllabus: The Nature of Rationality
Theoretical Perspective on Human Judgement
The Psychology of Value and Utility
Decision-Making under Certainty
Decision-Making under Risk
Judgement
Confidence and Expertise
Decision-Making in Markets, Groups and Society

Assessment: Individual **Essay** counting for 80% of the module mark, and **Group Presentation** (20%).

IB98W0:	Management Accounting & Control	MAC
	<p><i>This module provides an in-depth analysis of several key issues relating to the control of managerial performance. The module will take a critical stance and will draw heavily on the latest research material, both theoretical and empirical, to examine topics of contemporary interest in the field of management accounting and control. Topics covered may include:</i></p>	
Illustrative Syllabus:	<p>(indicative, may be subject to minor changes)</p> <p>Purpose / Techniques of Management Accounting</p> <p>The Role of Management Accounting in addressing the 'Problem' of Management Control</p> <p>Motivation, Monetary Incentives and Management Accounting and Control</p> <p>Accounting Performance Measures, Responsibility Accounting and the Controllability Principle</p> <p>Explaining the Design of Management Accounting and Control Systems</p> <p>Activity-Based Cost Management</p> <p>Target Costing and Customer Profitability Analysis</p>	
Assessment:	<p>2-hour Exam (Term 3: April/May) counting for 80% of the module mark, and Individual Coursework (20%).</p>	
IB9Y30:	Mergers and Acquisitions & Corporate Control	MAAC
	<p><i>This module is designed to introduce students to the basic issues in mergers and acquisitions from corporate finance point of view. The module will be based on the main research papers in the field. Topics covered will include:</i></p>	
Illustrative Syllabus:	<p>(indicative, may be subject to minor changes)</p> <p>Value Creation in Takeovers</p> <p>Abnormal Returns</p> <p>Merger Waves:</p> <p style="padding-left: 20px;">Main Characteristics of Individual Waves, and Theoretical Explanations for Cyclical Patterns</p> <p>Private Equity</p> <p>Ownership Structure:</p> <p style="padding-left: 20px;">Costs and Benefits of Concentrated versus Dispersed Ownership, Empirical Evidence, and Law and Finance (Shareholder Protection)</p> <p>Modelling the Takeover Process</p>	
Assessment:	<p>1.5-hour Exam (Term 3: April/May) counting for 60% of the module mark, and 2 Group Assignments plus Weekly Coursework (altogether 40%).</p>	

IB9ELO: Practice of Investment Management**POIM**

This module aims to give students a realistic experience of the responsibilities involved in managing money for clients. It provides an introduction to practical investment management techniques, building on the work of the modules of the first term. Topics covered include:

Illustrative (indicative, may be subject to minor changes)

Syllabus: How to Structure a Beta Portfolio

Risk Management from a Practical Perspective:

Stop Loss Management,

Macro Risk, and

Value-at-Risk (VaR) Analysis

Pre and Post Transaction Cost Analysis: Breaking Even in the Real World

Assessment: **Individual Coursework** counting for 60% of the module mark, and
Group Project (40%).

Term 3 Dissertation

IB98Y0: Dissertation

The module aims to allow students to synthesise, apply and extend the knowledge they have gained in the taught component of the programme. The identification and investigation of a current research topic will help to develop students' theoretical and practical understanding of current problems in their area, as well as their research and communication skills. Emphasis will be placed on taking a critical approach to the assumptions of prior literature and the methodologies they adopt to address their research question.

Assessment: **Thesis Proposal** counting for 10% and **Dissertation** counting for 90% of the module mark.