

**DEPARTMENT OF ACCOUNTING AND FINANCE**  
**AG105 Introduction to Finance & Financial Statistics**  
**2023/24 SEMESTERS 1 & 2**

**Names of lecturers:** Libby Cairns / Linxiang Ma

**Room numbers:** Stenhouse Wing TBC / Duncan Wing 611

**Telephone extensions:** TBC / 4545

**E-mail addresses:** [elizabeth.cairns.100@strath.ac.uk](mailto:elizabeth.cairns.100@strath.ac.uk) / [linxiang.ma@strath.ac.uk](mailto:linxiang.ma@strath.ac.uk)

Please do not hesitate to contact either of us if you have any problems with the lectures or tutorials. Office hours (or virtual zoom hours) will be posted to myplace. These are drop in times and no appointments are required.

**Course Tutor:** TBC

The tutor will lead the tutorials and help you understand the issues developed in the lectures, textbooks and assignments. They will check attendance and deal with any problems you have with questions in tutorials.

Tutorial questions should be completed in advance of the class. The class tutor will focus on reviewing any questions that have caused difficulty. Note, the tutor may not finish all the questions set for your tutorial each week in the class; you should work on these questions and discuss any problems you may have with your tutor. Solutions will also be posted on the course webpages.

### **CLASS DESCRIPTION**

The class provides an introduction to finance, covering the basic theories of financial markets, corporate finance and investment, financial management, personal finance, security analysis and statistical applications in finance.

### **CLASS AIMS**

The purpose of this class is to provide an introduction to finance and statistical concepts as applied in finance. In semester one you will be introduced to the fundamental principles and theories of finance and provided an awareness of the important role of the financial manager. The topics included will be financial markets, time value of money, valuation of stocks and bonds, and capital budgeting methods. Semester two aims to introduce statistical methods employed in finance, such as reporting and interpreting basic descriptive statistics, probability theories, hypotheses testing and regression analysis. This class is essential for students wishing to study finance and

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pursue a career in accounting or finance.

## LEARNING OUTCOMES

The following learning outcomes will contribute to your self-analysis and reflection in your Student's Personal Development Planning (SPDP). These learning outcomes will be assessed using the methods explained in the "Assessment" section in this Outline.

### Subject-specific knowledge and skills

On completing this class the student will have the ability to:

- A1 Understand the role and objectives of the corporate finance manager;
- A2 Appreciate the external environment in which a business entity functions and the interactions between the financial manager and other stakeholders;
- A3 Understand the role of banks and the sources of finance they can provide to businesses;
- A4 Understand the primary and secondary equity markets, including how to calculate and interpret stock market ratios and indices;
- A5 Understand how to value securities and the concept of risk and return;
- A6 Understand the importance of portfolio theory and explain the concepts of diversification and risk and the capital asset pricing model;
- A7 Understand and apply the concept of the time value of money;
- A8 Analyse investments using investment appraisal techniques and have an appreciation of their strengths and weaknesses;
- A9 Have an understanding of how the main principles of finance apply to the finance and investment decision of an individual or family unit;
- A10 Explain and interpret basic descriptive statistics and their use in finance;
- A11 Test competing hypotheses using basic univariate and multivariate analysis.
- A12 Run and interpret the outputs of simple regression model.

### Cognitive abilities and non-subject specific skills

During the class you will:

- B1 Develop sound analytical skills.
- B2 Develop academic skills in listening, reading and writing.
- B3 Develop the ability to discuss and work within a team, particularly during tutorial.
- B4 Develop an understanding of the role of analysis in the development of practical decision making techniques.

## ASSESSMENT

The assessment for the course is split between two class tests, one in each semester, and a final exam in the May / June diet. The weightings for the course assessment are as follows:

Class test 1 (Date/Time: During the S1 exam diet)	25%
Class test 2 (Monday of Week 10 – Time: 4-5)	25%
Final exam (Date/Time: TBC)	50%

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The university pass mark for the course is 40%. No exemptions from the course exam are available for this class due to accountancy accreditation requirements.

**The Department of Accounting and Finance has returned to on campus, in person examinations in all modules. To support you in your exam preparation in this module we will run several exam preparation sessions during the class lectures (see timetable at the end of this document) and allocating time in class lectures / tutorial workshops to cover exam-style questions.**

**It is a requirement for course completion to submit all assessed coursework. Non-submission of any part will result in an overall mark of zero being awarded for the class.**

## **ASSESSMENT PREPARATION**

We appreciate that you have had little 'exam hall' experience over recent years. As we move towards key assessment dates we will look to provide opportunities to help you prepare.

Both class tests will be online. Practice tests will be made available to familiarise yourself with the format and approach. More detail on the location of tests will follow closer to the time.

The final module exam will be on campus. To support you in your exam preparation in this module we will look to practice questions in exam style settings in semester 2.

## **REASSESSMENT**

Students failing to pass the course in the first instance are required to take a resit examination in August that will count for 100% of their overall course grade. Students re-sitting the course must obtain a mark of 40% in the resit exam to pass.

## **PENALTIES FOR LATE SUBMISSION**

The Business School follows the university's late penalty policy:

[https://www.strath.ac.uk/media/ps/cs/gmap/academicaffairs/policies/Policy\\_and\\_Procedure\\_for\\_the\\_Late\\_Submission\\_of\\_Coursework.pdf](https://www.strath.ac.uk/media/ps/cs/gmap/academicaffairs/policies/Policy_and_Procedure_for_the_Late_Submission_of_Coursework.pdf).pagespeed.ce.dLHx3k-D.pdf

## **FEEDBACK**

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The standard turnaround time for all feedback and marking within SBS is 15 working days from assessment submission.

The University policy on Assessment and Feedback is available here:

[http://www.strath.ac.uk/media/ps/cs/gmap/academicaffairs/policies/assessment\\_and\\_feedback\\_policy\\_-\\_Effective\\_Sep\\_14.pdf](http://www.strath.ac.uk/media/ps/cs/gmap/academicaffairs/policies/assessment_and_feedback_policy_-_Effective_Sep_14.pdf)

### **COMPENSATION SCHEME**

The Faculty Compensation scheme is as follows:

- Where a student has a weighted average of at least 45% (pass) across all classes, and class(es) for which the mark is 30-39% (fail), the failed class(es) will be deemed to have been passed by compensation.
- Where a first-year class is passed by compensation, the student will not be permitted to proceed with that subject in second year, unless mitigating circumstances acceptable to the Board are met, and are submitted in advance of the meeting of the Board.
- Where a first, second- or third-year class is passed by compensation, the student will not normally be permitted to proceed to Honours in that subject, this is at the discretion of the department. The student does have the right to reject this pass and resit the class.

### **RESIT POLICY**

1. Students who have failed a class will be given the opportunity to resit the class during the August resit diet.
2. Results for resits will not be capped at 40.

### **TEACHING AND LEARNING**

You will have three hours of class contact in most weeks: two lectures, and one further hour in a tutorial.

**Lectures** are intended to direct your reading and to explain and illustrate the techniques used in collating and presenting accounting information. You should read ahead on the textbook so that you can obtain the maximum benefit. Lecture slides are available online and paper copies can be picked up from the mail trays in the department of accounting and finance in advance of the class. Lectures will primarily be focused on working through and discussing practical examples to support the theoretical material covered in the course textbook.

**Tutorials** are designed to provide you with the opportunity for discussion and development of thinking about the subject in a small group setting. Tutorial work should be completed before the class meets. Active participation in tutorials is important and this will be encouraged by tutors to the extent of occasionally requiring short presentations by students. At all times students are expected to supplement their learning by reading the prescribed textbook(s) and newspaper or web articles.

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**Attendance at tutorials is mandatory and will be monitored.**

**Registration for tutorials** is carried out through the class Myplace site. Students are required to sign up for one tutorial per week. Further details will be provided by the department administrators.

**ATTENDANCE AND ASSESSMENT REQUIREMENTS:**

**Attendance at tutorials is mandatory and will be monitored.** If your attendance is unsatisfactory then you will receive a warning letter, which will be retained in a departmental file. It is a requirement for course completion to submit all parts of the class assessment. **Non-submission of any part will result in an overall mark of zero being awarded for the class.**

Students with special needs should contact Jillian D'Agostino in the Department of Accounting and Finance. If you need any of the class materials in a different format due to special needs, you should get in touch with Jillian.

**ACHIEVEMENT OF LEARNING OUTCOMES**

The achievement of learning outcomes is necessary to successfully complete the class, both in terms of your learning development and in your class assessment. It is important, therefore, that you are confident about achieving these outcomes as the class progresses. Attached to the class outline is a Record of Learning Outcomes Achievement. This will serve to help you focus on the learning outcomes by keeping a record of when and how you feel you have achieved each outcome.

**PRE-REQUISITES**

None.

**REQUIRED READING – Since this is mostly a technical course, you MUST pre-read the assigned chapters before the lectures.**

**HRWJJ:** *Corporate Finance*, 4<sup>rd</sup> European Edition, Hillier, Ross, Westerfield, Jaffe and Jordan, McGraw Hill, 2020.

**ASW:** *Essentials of Modern Business Statistics with Microsoft® Excel®*, 8th Edition, Anderson, Sweeney, Williams, Camm, Cochran, Fry, Ohlmann, Cengage, 2020.

All students will require a copy of these textbooks and chapter references from the books will be provided in the class reading each week, which is noted at the end of this syllabus. The Corporate Finance text will also be used in the year 2 AG215 Business Finance class.

**Web sites:**

Reference will be made to the class website in the lectures and any lecture notes that you do not collect in class can be accessed through the web page. You will also be

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directed to relevant online resources in the statistics and personal finance sections of the class. The textbook has a web-site, which has useful additional information for the class, check out the student centre.

## **LECTURE PROGRAMME**

The aim of the class is to provide an introduction to the fundamentals of finance and investment, presented within a coherent framework of analysis. Most of the analysis is set within the context of business finance with the emphasis placed on valuation, investment analysis, risk and the cost of capital. The financial statistics element of the course aims to provide an overview of the applications of basic statistics to a business organization, and their use in investment analysis.

The financial function deals with the financial consequences of the management's actions (or inaction). It is no more important than other functional areas such as marketing, operations or human resource management. All contribute to the general management of the business, the formulation of business strategy and the endeavor to keep the business on course. Failure "to get the numbers right" does, however have possibly fatal consequences for the firm, and all managers should therefore have at least a basic understanding of the financial aspects of the business. This class aims to give a basic grounding in the subject, which should encourage you to take an active interest in financial matters, read the financial press and ask the right questions.

Businesses need to obtain money to invest in buildings, equipment and stock, and perhaps also to finance credit given to customers. Before a company can generate cash income it first must invest. Those that provide the required finance (investors) will not provide it free of charge. A rational investor would want as good a return on their investment as they could obtain elsewhere for the same level of risk. Management must therefore assess whether the projects in which they wish to invest, and for which the funds are required, will generate sufficient cash inflows to give the required return. In an uncertain world they cannot, of course, be certain. The assessment and management of risk is a very important part of the general management task. It is not unique to finance.

Finance might very briefly be stated as dealing with:

- Decisions on investment in projects
- The raising of finance for these projects
- Decisions on choices between sources of finance
- The markets in which funds are raised and in which securities are dealt
- The management of the company's cash resources

Throughout finance problems arise where cash flows arise at different points in time. Such problems are similar to asking whether you would prefer £10,000 today or £22,000

in three years' time. Compound interest is used to adjust for the time value of money. Finance is based on cash flows. It recognizes the importance of cash flows as distinct from the accountant's notion of profit.

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**A brief plan of the course teaching in each semester is provided below.**

**Semester 1 (Delivered by Libby Cairns)**

Teaching Week	Lecture Topic	Textbook Reading (HR WJJ)	Lecture Time	Tutorial
1	Introduction Financial Markets	Mishkin Ch. 2	Monday TG312 (15:00-17:00)	No Tutorial
2	Financial Markets	Ch. 9	UNIVERSITY CLOSED – no live class (Myplace Video)	No Tutorial
3	Time value of money	Ch. 4	Monday TG312 (15:00-17:00)	Tutorial 1 (FM)
4	Time value of money	Ch. 4	Monday TG312 (15:00-17:00)	Tutorial 2 (TVM)
5	Bonds	Ch. 5	Monday TG312 (15:00-17:00)	Tutorial 3 (TVM)
6	Bonds	Ch. 5	Monday TG312 (15:00-17:00)	Tutorial 4 (Bonds)
7	Stocks	Ch. 5	Monday TG312 (15:00-17:00)	Tutorial 5 (Bonds)
8	Stocks (EMH)	Ch. 5	Monday TG312 (15:00-17:00)	Tutorial 6 (Stocks)
9	Reading Week			
10	Investment Appraisal	Ch. 6-7	Monday TG312 (15:00-17:00)	Tutorial 7 (EMH)
11	Investment Appraisal & Class Review	Ch. 6-7	Monday TG312 (15:00-17:00)	Tutorial 8 (IA)

Each topic will involve a combination of delivery methods and activities.

1. Students are expected to attend lectures.
2. Some topics include additional support videos – these will be uploaded to myplace. These videos will cover important concepts and you are expected to watch them. They will often be more technical in nature (mathematical), and lend themselves well to this format.
3. Each topic will have one or two accompanying tutorial. As noted above, we expect tutorial questions to be completed in advance of the class. These will be delivered in a small group setting. They will give you a chance to discuss key concepts with your tutor and classmates – focusing on this aspect of the module is often the best preparation you can do for the exam.
4. Additional reading and technical exercises will be uploaded to myplace as appropriate.

Please note that room information, schedule and contents are subject to change. Please check timetabling prior to the course start date. Any change in the contents and schedule will be notified in the class well in time.

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## AG105 Semester 2 Schedule (Linxiang Ma)

Teaching Week	Lecture Topic	Textbook Reading	Lecture Time	Tutorial
1	Data and statistics, Descriptive statistics I	ASW ch.1 & 2	Monday (15:00- 17:00)	No Tutorial
2	Descriptive statistics II, Introduction to probability	ASW ch.3 & 4	Monday (15:00- 17:00)	No Tutorial
3	Probability distributions	ASW ch.5 & 6	Monday (15:00- 17:00)	No Tutorial
4	Sampling distributions, Interval estimation I	ASW ch.7 & 8	Monday (15:00- 17:00)	Stats 1
5	Interval estimation II, Hypothesis testing I	ASW ch.8	Monday (15:00- 17:00)	Stats 2
6	Hypothesis testing II	ASW ch.10	Monday (15:00- 17:00)	Stats 3
7	Linear regressions	ASW ch.14	Monday (15:00- 17:00)	Stats 4
8	Measuring historical risk & return using statistical tools, Expected risk and return I	HRWJJ ch.9	Monday (15:00- 17:00)	Stats 5
9	Expected risk and return II	HRWJ ch.9 & 10	Monday (15:00- 17:00)	Stats 6
10	Expected risk and return III Class test <b>(covers statistics part only, lecture 1-14)</b>		Monday (15:00- 17:00)	Risk & Return I
11	Resit class test – <b>If needed</b>		Monday (15:00- 17:00)	Risk & Return II

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Please note that room information/format of delivery and contents are subject to change. Please check timetabling prior to the course start date. Any change in the contents will be notified in the class well in time. Semester two delivery methods and activities will be notified before the beginning of classes in January 2024.

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# Learning activities

You **MUST** follow the following plan/activities to appreciate this technical course.

## Pre-lecture activities

- You **MUST** read the relevant chapters from the prescribed core text.
- You **MUST** practice all the end of chapter questions. The suggested solutions are on myplace. So please **Practice! Practice! Practice!**

## During lecture activities

- You **MUST** be attentive to the contents of the lectures and actively participate in the discussions when asked to do so.
- Interrupt the lecturer and **ASK QUESTIONS** if you do not follow anything during the lectures.

## Post lecture activities

- You **MUST** attempt all the tutorial questions. Again, **Practice! Practice! Practice!**

## During tutorial activities

- You must verify the steps and the answers with your workings as the tutorial is delivered.
- Interrupt the tutor and **ASK QUESTIONS** if you do not follow anything during the tutorials.

## Post tutorial activities

If you still need help then please:

- Set-up a meeting with the lecturer related to the contents taught in the lectures.
- Set-up a meeting with the tutor related to the content discussed in the tutorials.

**If you only rely on the lectures and tutorials, and ignore other learning activities, it will severely undermine your learning.**