

Course ID 023467

Investment Economics and Innovation

BMAN 31212

Unit coordinator: Xin Deng

Credit rating 10

ECTS credits 5

Semester 2

Alliance Manchester Business School

Undergraduate

Level 3

FHEQ level ' Last part of a Bachelors'

Marketing course unit overview

This course is intended to introduce students having no previous experience of project investment appraisal to the ways in which such investments can be analysed. Students who wish to enter the business world, either working for companies or for themselves, will be required to conduct formal assessments of a proposed project (or business) and present these to decision-makers (investment banks, Boards of Directors, etc.). The course equips students to conduct such analyses, by describing a case study (chosen by the student), modelling it using formal techniques and indicators, and to present the results in a well-structured document. In the past a variety of projects have been examined, including sports centres, restaurants, new products, renewable energy schemes, an escort agency, theme park, retail businesses, driving school, hotels and hostels, a company take-over, etc'

The course is taught by means of three elements: formal lectures, discussions in seminar groups, and a practical case study chosen and carried out by each student. The lectures will include:

1. Introduction to the course
2. The concept of investment and appraisal
3. Modelling investment projects: traditional/simple indicators
4. Investment Indicators (2 lectures): inter-temporal choice & discounting; discounted indicators
5. Detailed consideration of sensitivity analysis
6. Broader aspects of investment and application of the concepts

If required for some individual projects, additional lectures will cover:

Cost-benefit analysis for public sector projects & Project management tools

Other topics will be included as necessary, particularly if they are useful for particular students' case studies, for example ethical issues concerning the use of discounting in long run and public sector projects.

Course unit overview

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Aims

To introduce the essential concepts, methods and practical skills necessary to understand investment appraisal with particular reference to innovation.

Learning outcomes

- Understanding of the concept of investment in projects, and the factors which determine the success of such investments
- Understanding the technical indicators used to appraise investments
- Ability to construct a simple investment model
- How to use (and mis-use) modelling in decision making
- Understanding of the main elements of uncertainty in investment appraisal, and how to deal with them
- Understanding the differences between private sector and public sector investment appraisal
- Understanding the factors which determine the success of projects
- The course does not include detailed consideration of the financing of projects, nor is it concerned with purely financial investment instruments (hedge funds, derivatives, etc'). It focuses on real project analysis, such as encountered in corporate finance and business planning

Teaching and learning methods

Methods of delivery: Lectures and seminars

Lecture hours: 10 (Average 1 hour per week over 10 weeks, however early lectures may be longer due to the need to prepare early for assignments)

Seminar hours: 10 (1 hour each week for 10 weeks)

Private study: 75

Total study hours: 100

Total study hours: 100 hours split between lectures, classes, self study and preparation for classes, coursework and examinations.

Informal Contact Methods

1. Office Hours

Assessment methods

Coursework - 2500 word project report worth 100%

Feedback methods

- Informal advice and discussion during seminars.

- Written and/or verbal comments on assessed or non-assessed coursework.

- Written and/or verbal comments after students have given a group or individual presentation.

- Other - please describe:

Each student undertakes a particular project and the seminars allow discussion between students regarding each project as well as advice from the seminar leader.

Requisites

Pre-requisites:

This course is intended for students with no background in the subject, but who would like to know more about the techniques which are used to make decisions about project investments. However, accounting and finance students have found it useful and interesting, as it includes an extended individual case study. The essential requirement is an interest in the nature of decisions about investment in real projects. It is an advantage to be familiar with simple use of spreadsheets, but this can be learned sufficiently during the course.

Available as free choice? Y

Recommended reading

The required reading for this course is a book which has been published in a number of editions (consecutive numbers), with two authors and two titles! However the text in each edition is very similar and any edition is acceptable though the exact chapter numbers and their titles may be different ! Generally, the first 6 chapters and the 11th chapter are used (the rest of the book addresses financing decisions which are not covered in this course). The advantage of this is that there are numerous copies of the text available in various campus libraries.

Lumby, S. (1991), Investment Appraisal and Financing Decisions, Chapman & Hall (1st to 5th edition)

Lumby, S. & Jones, C (1999) Investment Appraisal and Financing Decisions, Chapman & Hall (6th edition)

Lumby, S. & Jones, C (2011) Corporate Finance: Theory and Practice, Chapman & Hall (8th edition): Part 2

Supplementary Text: Several additional readings will be recommended in lectures during the course, including, for example, HM Treasury Green Book (on the appraisal of public projects)

Scheduled activity hours

Lectures	14
Seminars	7

Independent study hours 79 hours

Additional notes

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Co-Requisite: None

Dependent courses: None

Programme Restrictions:

Available as a free choice option to students who have received prior agreement from their registering school.

Not available to BSc in Management/Management (Specialism), IMABS, IM, IBFEorITMB students.

BMAN31212 is available to visiting and exchange students admitted through the University of Manchester's International Programmes Office

For Academic Year 2022/23

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