

# **Engineering Tripos Part IIB, 4E6: Accounting & Finance, 2017-18**

## **Module Leader**

[Dr O Cole](#) [1]

## **Lecturers**

Dr O Cole and Prof A Jagolinzer

## **Timing and Structure**

Michaelmas term. 16 lectures (including examples classes). Assessment: 100% coursework

## **Aims**

The aims of the course are to:

- provide an introductory understanding of financial reporting and decision making by companies.

## **Objectives**

As specific objectives, by the end of the course students should be able to:

- construct the company financial statements from a jumble of raw data.
- interpret these statements using financial ratios.
- understand how to identify and finance the investments companies should undertake.
- understand why and how companies compensate their investors.

## **Content**

The first part of the module examines fundamental accounting concepts, and shows how to construct and interpret company accounts, a critical source of information to outside investors. The second part of the module tackles the three key areas of company decision making: the capital budgeting decisions of how the company should invest; the financing decisions of how the company should raise the investment capital; and the payout decisions of how the company should compensate its shareholder

### **Financial Accounting**

Detailed discussion of fundamental accounting concepts; construction of company financial statements (balance sheet, income statement, cash flow statement); interpretation of company financial statements (ratio analysis); an awareness of creative accounting

### **Finance**

Nature and objectives of finance; time value of money and risk versus return; capital budgeting decisions (opportunity cost of capital, investment rules such as Net Present Value); financing decisions (debt versus equity); payout decisions (dividends and share repurchases).

## Coursework

| Coursework   | Format                           |
|--|----------------------------------|
| <b>100% Coursework on Accounting and Finance</b><br><br>The Accounting section carries 50% of the mark and the Finance section the remaining 50%<br><br><u>Learning objective:</u> <ul style="list-style-type: none"><li>• After completing this coursework students should be able to construct a company's financial statements from a jumble of raw data.</li><li>• After completing this coursework students should be able to interpret a company's financial statements using financial ratios.</li><li>• After completing this coursework students should be able to understand how to identify and finance the investments companies undertake.</li><li>• After completing this coursework students should be able to understand why and how companies compensate their investors.</li></ul> | Individual Report<br>anonymously |
|  |                                  |

## Booklists

Please see the [Booklist for Group E Courses](#) [2] for references for this module.

## Examination Guidelines

Please refer to [Form & conduct of the examinations](#) [3].

## UK-SPEC

This syllabus contributes to the following areas of the [UK-SPEC](#) [4] standard:

[Toggle display of UK-SPEC areas.](#)

### GT1

Develop transferable skills that will be of value in a wide range of situations. These are exemplified by the Qualifications and Curriculum Authority Higher Level Key Skills and include problem solving, communication, and working with others, as well as the effective use of general IT facilities and information retrieval skills. They also include planning self-learning and improving performance, as the foundation for lifelong learning/CPD.

### IA1

Apply appropriate quantitative science and engineering tools to the analysis of problems.

### IA2

Demonstrate creative and innovative ability in the synthesis of solutions and in formulating designs.

## **KU1**

Demonstrate knowledge and understanding of essential facts, concepts, theories and principles of their engineering discipline, and its underpinning science and mathematics.

## **KU2**

Have an appreciation of the wider multidisciplinary engineering context and its underlying principles.

### **S1**

The ability to make general evaluations of commercial risks through some understanding of the basis of such risks.

### **S2**

Extensive knowledge and understanding of management and business practices, and their limitations, and how these may be applied appropriately to strategic and tactical issues.

### **E3**

Ability to apply mathematical and computer based models for solving problems in engineering, and the ability to assess the limitations of particular cases.

### **P3**

Understanding of contexts in which engineering knowledge can be applied (e.g. operations and management, technology, development, etc).

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### **Links**

- [1] <mailto:oc219@cam.ac.uk>
- [2] <https://www.vle.cam.ac.uk/mod/book/view.php?id=364101&chapterid=54081>
- [3] <https://teaching24-25.eng.cam.ac.uk/content/form-conduct-examinations>
- [4] <https://teaching24-25.eng.cam.ac.uk/content/uk-spec>