

ITEM		
1. Title of subject	Financial Management	
2. Subject code	DBA 208	
3. Status of subject	Compulsory	
4. Stage	Diploma	
5. Credit Hours	Three (3)	
6. Pre-requisite	None	
7. Assessment	30% Coursework - 2 Progress tests (15% each) 70% Final Examination	
8. Semester	Semester 5	
9. Objective of subject	To give an overview of the subject in relation to the co-existence of the business activities within a financial context, focussing on dividend policies, inflation, taxation and company evaluation.	
10. Synopsis of subject	To give the student an opportunity to understand the financial decision making process within a business in relation to the impact of share value, investment decisions and cost of minimising the cost of capital.	
11. Details of subject	Contents	Hours
Week 1	Topic: Introduction to the World of Corporate Finance  Objectives of firms Financial objectives of corporations Corporate governance Corporate financial management	3

	<p>Learning Outcomes:</p> <ol style="list-style-type: none"> <li>1) Identify the goal of the firm.</li> <li>2) Explain the various legal forms of business organisations.</li> <li>3) Explain why it is importance to ensure proper governance of financial management.</li> <li>4) Explain the 10 principles that form the foundations of financial management.</li> </ol> <p>Activity: Class Discussion/ Quiz Text: ABE Manual (1-22) Keown, Martin, Petty &amp; Scott - Pages 5-29.</p> <p>Further reading for this lesson: Mclaney - Chapter 1/2.</p>	
<p>Week 2-3</p>	<p>Topic: Company Performance, Valuation and Failure</p> <p>Interpretation of financial statements Using ratio analysis to evaluate Share issue &amp; pricing of shares Methods of share evaluation Why companies fail Principles underlying capital reconstruction</p> <p>Learning Outcomes:</p> <ol style="list-style-type: none"> <li>1) Explain the purpose &amp; importance of financial analysis.</li> <li>2) Calculate and use a comprehensive set of measurements to evaluate a company's performance.</li> <li>3) Explain or describe the limitations of financial ratio analysis.</li> </ol> <p>Activity: Text: ABE Manual (31-59) Keown, Martin, Petty &amp; Scott - Pages 100-133.</p> <p>Further reading for this lesson: Mclaney - Chapter 3</p>	<p>6</p>
<p>Week 4</p>	<p>Topic: Financial Markets</p> <p>Stock markets/ sources of finance Financial markets Impact of markets on market decisions</p>	<p>3</p>

	<p>Learning Outcomes:</p> <ol style="list-style-type: none"> <li>1) Discuss why such markets exist and how the firms can have access to these markets at the lowest risk possible.</li> <li>2) Analyse the historical relationship between internally generated &amp; externally generated sources of funds.</li> <li>3) Explain why financial markets exist in a developed economy.</li> </ol> <p>Activity: Class discussion Text: ABE Manual (83-94) Keown, Martin, Petty &amp; Scott - Pages 73-99.</p> <p>Further reading for this lesson: Mclaney - Chapter 8/9</p>	
<p>Week 5-6</p> <p>Progress Test 1</p>	<p>Topic: Sources of Company Finance</p> <p>Share capital Methods of issuing shares Debt and other forms of debt capital Short-term capital / finance International capital markets</p> <p>Learning Outcomes:</p> <ol style="list-style-type: none"> <li>1) Identify the basic methods of company financing, both in terms of long &amp; short-term.</li> <li>2) Discuss the advantages &amp; disadvantages of the different forms of financing.</li> </ol> <p>Activity: Class discussion Text: ABE Manual (95-121) Keown, Martin, Petty &amp; Scott - Pages 73-99.</p> <p>Further reading for this lesson: Mclaney - Chapter 8</p>	<p>6</p>
<p>Week 7-8</p>	<p>Topic: Cost of Finance</p> <p>Investors &amp; the cost of capital Cost of equity/ cost of debt capital Cost of internally generated funds Weighted average cost of capital</p>	<p>6</p>

	<p>Learning Outcomes:</p> <ol style="list-style-type: none"> <li>1) Identify the concepts underlying the cost of capital (average cost of capital) &amp; the purpose of its calculation.</li> <li>2) Calculate the firm's weighted average cost of capital.</li> <li>3) Use the cost of capital to evaluate new investment opportunities.</li> </ol> <p>Activity: Class Discussion Text: ABE Manual (125-140) Keown, Martin, Petty &amp; Scott - Pages 329-360.</p> <p>Further reading for this lesson: Mclaney - Chapter 10</p>	
<p>Week 9-10</p>	<p>Topic: Portfolio Theory &amp; Market Efficiency</p> <p>Risk &amp; return The impact of diversification Portfolio composition Portfolio theory Market efficiency &amp; efficient market hypothesis</p> <p>Learning Outcomes:</p> <ol style="list-style-type: none"> <li>1) Define and measure the expected rate of return of an individual investment.</li> <li>2) To rationalise why diversification is better than putting all the investment in one basket.</li> <li>3) Discuss the role of the efficient market hypothesis and its practical implications.</li> </ol> <p>Activity: Compulsory reading Text: ABE Manual (143-159) Keown, Martin, Petty &amp; Scott - Pages 173-200.</p> <p>Further reading for this lesson: Mclaney - Chapter 9</p>	<p>6</p>
<p>Week 11</p>	<p>Topic: Working Capital Management</p> <p>Definition of working capital Working capital cycle Overtrading/ management of stock Debtors and cash</p>	<p>3</p>

	<p>Learning Outcomes:</p> <ol style="list-style-type: none"> <li>1) Ensure the student understands the role of effective working capital management within a business environment.</li> <li>2) Explain why it would be detrimental to the success of any organisation not to effectively manage the working capital.</li> <li>3) Describe the risk-return trade off involved in managing a firm's working capital.</li> <li>4) Explain the determinants of net working capital.</li> <li>5) List and describe the basic sources of short-term credit.</li> <li>6) Describe the special problems encountered by multi-national companies in managing working capital.</li> </ol> <p>Activity: Class discussion Text : ABE Manual (217-243) Keown, Martin, Petty &amp; Scott - Pages 469-489.</p> <p>Further reading for this lesson: Mclaney - Chapter 13</p>	
<p>Week 12-13</p>	<p>Topic: Capital Investment Appraisal (basic)</p> <p>Accounting rate of return (ARR) Payback Discounted cash flow (DCF) Net present value (NPV) Internal rate of return (IRR) Advantages &amp; disadvantages of the methods</p> <p>Learning Outcomes:</p> <ol style="list-style-type: none"> <li>1) Discuss the difficulty encountered in finding profitable projects in competitive markets and the importance of the search.</li> <li>2) Identify the various methods of investment appraisal using payback period, accounting rate of return, net present value, profitability index &amp; internal rate of return.</li> <li>3) Explain the problems encountered in project ranking.</li> <li>4) Identify the limiting factors in capital budgeting.</li> </ol> <p>Activity: Class discussion Text: ABE Manual (255-274) Keown, Martin, Petty &amp; Scott - Pages 259-293.</p> <p>Further reading for this lesson: Mclaney - Chapter 5/6</p>	<p>6</p>
<p>Week 14</p>	<p>Topic: Revision</p>	<p>3</p>

	<p>Learning Outcomes:</p> <ol style="list-style-type: none"> <li>1) Ensure that the student fully understands the subject matter related to the various topics.</li> <li>2) Are in a position to discuss, calculate and explain the roles played by each of the chapters covered.</li> </ol>		
	<p>Activity:</p> <p>Class discussion and doing past year questions. Presentations by students.</p>		
	Total		42
12. Text	Compulsory	<ol style="list-style-type: none"> <li>1) ABE Manual (UK)</li> <li>2) Keown, A. J., Martin, J. D., Petty, J. W., &amp; Scott, D. F. Jr. (2006). <i>Foundations of Finance</i> (5<sup>th</sup> ed.). UK: Pearson International.</li> </ol>	
	Reference	<ol style="list-style-type: none"> <li>1) McLaney, E. J. (2000). <i>Business Finance: Theory &amp; Practice</i> (4<sup>th</sup> ed.). UK: Financial Times/Prentice Hall.</li> <li>2) Financial articles</li> </ol>	

