

Unit Title	Introduction to Financial Management
Programme(s)/Course	BA Business Studies, BA Business Administration, Combined Honours
Level	5
Semester	1
Ref No:	MAC-5-IFM
Credit Value	20 CAT Points
Student Study hours	Contact hours: 52 Student managed learning hours: 148
Pre-requisite learning	None
Co-requisites	None
Excluded combinations	None
Unit Coordinator	Vijay Lee
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Parent Department	Accounting & Finance
Parent Course	BA Business Studies
Description [100 words max]	The unit deals with the theory and techniques of financial decision-making in key areas such as the capital investment decision, the financing decision, the cost of capital, and working capital management. It aims to provide a foundation in finance for students aspiring to be accountants or finance professionals, and are therefore seeking a sound technical understanding of financial management and decision-making techniques.
JACS Code	
Aims	The unit seeks to provide a basic knowledge of business finance, simultaneously providing the essential links between accounting and finance concepts; students would thereby be provided with a firm foundation in the theoretical as well as practical aspects of financial decision-making in business.
Learning outcomes	Knowledge and Understanding:

	<p>On completion of this unit, students should be able to:</p> <ul style="list-style-type: none"> ○ Demonstrate a clear conceptual understanding of the fundamental principles of financial management. ○ Evaluate the merits, limitations and practical applications of the various financial models and decision-making techniques that have been developed from these principles. ○ Apply the tools and techniques of financial management in the analysis and interpretation of diverse financial information, and the making of investment, financing and working capital management decisions ○ Explain the features and characteristics of alternative sources of capital and evaluate their usefulness and appropriateness under differing circumstances. <p>Intellectual Skills:</p> <p>On completion of the unit students should be able to demonstrate:</p> <ul style="list-style-type: none"> ○ Learning and cognitive skills through a clear conceptual understanding of financial techniques, and ○ Analytical skills through application of these techniques and evaluation of their merits and limitations in different situations. <p>Practical Skills</p> <p>On completion of the unit students should be able to demonstrate numeracy, problem-solving and decision-making skills by applying the principles of financial management and decision-making in complex financial scenarios.</p> <p>Transferable Skills</p> <p>On completion of this unit, students should be able to demonstrate skills in written communication, team working, planning, organisation and the use of information technology. On completion of the unit students should be able to make appropriate use of computer applications in financial management, particularly the employment of Microsoft Excel to construct financial spreadsheets and produce related analytical charts and graphs.</p>
Employability	<p>An understanding of the fundamentals of financial management is important for all individuals and, coupled with the development of numerical, analytical, computing and report-writing skills which are necessary for success on this unit, will set students apart in a competitive employment market. Sound financial management is essential for the survival of any organisation, and mastery of the techniques and skills of financial decision-making will make students highly employable. A wide range of further qualifications, both academic and professional, are available for students wishing to further develop the knowledge and skills gained on this unit.</p>
Teaching & Learning	<p>The unit combines the use of lectures, seminars and students' personal</p>

Pattern	<p>studies. Lectures provide the framework for the areas of study while seminars are used to clarify, discuss and extend the various topic areas. Additionally, seminars will be used to enable students to report their findings from the analysis and interpretation of short financial scenarios.</p>
Indicative content	<ul style="list-style-type: none"> ○ The role & objectives of financial management – the agency problem and its control. ○ Determinants of value – financial arithmetic and the time value of money – calculating the average rate of return on an investment – risk and return - the concept of opportunity cost. ○ The investment decision: discounted cash flow (DCF) methods of investment appraisal: net present value and the internal rate of return – non-DCF methods of investment appraisal: payback period & accounting rate of return – capital rationing & the profitability index – project risk appraisal - investment appraisal in practice. ○ Cash flow estimation for investment appraisal: cash flow vs. accounting profit - relevant cash flows for decision making – the impact of taxation and inflation. ○ The financing decision: equity vs. debt financing – methods of raising equity – public issues and rights issues – venture capital - methods of raising debt and hybrid finance – term loans, loan stock, convertible loan stock, preference shares. ○ Cost of capital and the capital structure decision: business risk and financial risk – the impact of cost of capital on the value of the business - the traditional view on optimum capital structure – capital structure decisions in practice. ○ Working capital management: cash operating cycle – managing liquidity – overtrading - management of stocks and receivables - cash management – short term finance and investment – management of creditors.

Assessment method (Please give details – elements, weightings, sequence of elements, final component)	<p>(i) A group coursework assignment will count for 50% of the marks for the unit. This will involve preparation of a 3,000 word report as from a finance team, in respect of a major corporate financial decision. A diskette containing spreadsheet analysis of the decision would be expected to accompany the report. There will be an element of 'peer assessment' within each group, with group members being asked to democratically agree between themselves how the group market should be shared between them.</p> <p>(ii) Two hour closed book examination to count for 50% of the marks for the unit. The examination will place greater emphasis on the demonstration of basic technical and numerical skills, and conceptual understanding of the principles of finance. The exam will require students to answer one compulsory 40-mark question and two from a choice of three 30-mark questions.</p>
Indicative Reading	<p>CORE READING: A.J.KEOWN, J.D.MARTIN & J.W.PETTY, "Foundations of Finance" (Pearson, 7th Ed, 2010).</p> <p>OPTIONAL READING: JAMES C. VAN HORNE & JOHN M. WACHOWICZ, "Fundamentals of Financial Management" (Pearson, 13th Edition, 2008). P.ATRILL, "Financial Management for Decision Makers" (Pearson, 5th Edition, 2009). E.McLANEY, "Business Finance: Theory & Practice", (Pearson, 7th Ed, 2009). D. WATSON & A. HEAD, "Corporate Finance - Principles & Practice" (Pearson, 5th Ed, 2009).</p>
Other Learning Resource:	<p>Students are encouraged to read relevant papers like the Financial Times and Wall Street Journal (Europe).</p> <p>Students are also encouraged to make full use of the facilities available for research through the Internet and the University's Library Services website.</p>