

## STRATEGIC FINANCIAL MANAGEMENT

<b>Theme:</b>	Finance
<b>Assessment Weighting:</b>	20% Coursework 80% Examination

### INTRODUCTION

This module leads on directly from *Financial Management* earlier in the programme. The elements outlined in the syllabus of *Financial Management* will be examinable as part of this module.

### AIMS

The aims of this module are to:

- Further explore the principles outlined in *Financial Management*
- Introduce topics appropriate to the strategic aspects of finance including the impact of risk on the organisation and the various techniques to manage same; calculation of the cost of capital; corporate reorganisation; corporate governance and the global financial environment.
- Provide students with the skills to evaluate complex investment situations.

### LEARNING OUTCOMES

On successful completion of this module, students should be able to:

- Critically evaluate the impact of financial decisions on the strategic direction of the organisation
- Identify and evaluate the exposure of a company to financial risk and the techniques required to manage this risk
- Evaluate complex investment appraisal situations and appreciate the importance of the cost of capital to the organisation and how the structure chosen will impact upon this
- Analyse the key strategic financial issues that need to be considered in an acquisition or merger
- Appropriately select and apply methods to assess an individual's personal financial position and calculate their net worth.

## **INDICTIVE MODULE CONTENT**

### **Investment Appraisal**

- Understand how to incorporate inflation
- Taxation
- How to handle risk and uncertainty
- Capital rationing
- Asset replacement
- Lease vs. Buy

### **Cost of Capital**

- Calculation of the cost of the various sources of finance and the Weighted Average Cost
- Capital Asset Pricing Model

### **Capital Structure**

- Understand the various theories regarding the optimal capital structure
- Foreign Exchange Management
- Understand the basic techniques to manage exchange risk

### **Interest Rate Management**

- Appreciate the risks involved in borrowing and the instruments used to manage them

### **Mergers and Acquisitions /Company Valuations**

- Rationale for acquisition
- Consideration for acquisition
- Impact on both parties
- Defence tactics etc.
- Various methods of valuing companies

### **Finance and the individual**

- Personal financial management process and the principles of personal financial management
- Methods to assess personal financial position (including cash flow projections) and calculating an individual's net worth
- Implications of identified financial theories for the individual investor
- Regime governing professional advice