

Module Code:	BUS666
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Module Title:	Strategic Financial Management
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Level:	6	Credit Value:	16
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Cost Centre(s):	GABP	JACS3 code:	N211
		HECOS code:	100810

Faculty:	FSLS	Module Leader:	Chua Lai Poh
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Scheduled learning and teaching hours	63 hrs
Guided independent study	97 hrs
Placement	0 hrs
Module duration (total hours)	160 hrs

Programme(s) in which to be offered (not including exit awards)	Core	Option
Bachelor of Science (Hons) Finance & Accounting (Level 6 Top Up)	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Pre-requisites

Office use only

Initial approval August 2018

Version no: 1

With effect from: 01/05/2019

Date and details of revision: Jan 2021 - Temporary change to assessment for 2020-21 due to Covid-19.

Version no: 3

Revised 24/09/2021 – Revert back to pre-Covid assessment

Module Aims

MA 1: To provide students with practical understanding of the scope, interrelationships, career opportunities, terminology, and key analytical and decision tools used in the today commercial world.

Intended Learning Outcomes

Key skills for employability

- KS1 Written, oral and media communication skills
- KS2 Leadership, team working and networking skills
- KS3 Opportunity, creativity and problem solving skills
- KS4 Information technology skills and digital literacy
- KS5 Information management skills
- KS6 Research skills
- KS7 Intercultural and sustainability skills
- KS8 Career management skills
- KS9 Learning to learn (managing personal and professional development, self-management)
- KS10 Numeracy

At the end of this module, students will be able to

Key Skills

1	Discuss the nature of capital markets and their role in providing access to finance.	KS1	
2	Apply appropriately a variety of project appraisal methods and interpret the results of such analysis to include an assessment of risk and uncertainty.	KS5	
		KS6	
3	Explain the capital asset pricing model and its applications in financial markets.	KS5	
		KS6	
		KS10	
4	Analyze the techniques available for calculating a firm's cost of capital including a consideration of their technical limitations.	KS5	
		KS6	
		KS10	

Transferable skills and other attributes

Type of Skill	Skills development	Method of assessment
Problem solving skills	Presentation	Final examination and mid-term exam
Critical thinking skills	Class interaction	Final examination and mid-term exam
Writing skills	Lecture and presentation	Final examination and mid-term exam

Derogations

None

Assessment:

Indicative Assessment Tasks:

1. Mid-term exam – To ensure that students are progressively learning
2. Final exam – To test the knowledge of students that has attended the required lectures and understand the subject well enough

Assessment number	Learning Outcomes to be met	Type of assessment	Weighting (%)	Duration (if exam)	Word count (or equivalent if appropriate)
1	LO1 – LO2	Mid-term exam	40	2 hrs	
2	LO1 – LO4	Final exam	60	3 hrs	

Learning and Teaching Strategies:

Lecture, tutorial, team production and consultation

Syllabus outline:

The Financial World Financial managers vs capital markets, the flows of funds, the financial system, the objective of firm, ownership and control
Project Appraisal Value creation and corporate investment, NPV and IRR
Practical Project Appraisal Profits vs cash flows, appraisal techniques, payback, ARR, IRR, investment process, capital rationing, taxation, inflation
Risk and Project Appraisal Definition of risk, adjusting for risk, sensitivity analysis, scenario analysis, probability analysis, the risk of insolvency, real options
Portfolio Theory and the Capital Asset Pricing Model Expected return and standard deviation for shares, portfolio expected return and standard deviation, diversification, SML, risk premiums, technical problems with the CAPM
Equity Capital Preference shares, stock exchange, methods of issue, rights issues, EMH
Debt Finance Bonds, bank borrowing, syndicated loans, credit rating, junk bonds, valuing bonds trade credit, factoring, HP, leasing, TSIR
The Cost of Capital The required rate of return, WACC, the cost of equity capital, the cost of retaining earnings, the cost of debt, the cost of preference share capital
Value-based Management Earning-based management, value creation, the impact of value principles on corporate strategy, value-creation metrics, shareholder value analysis, EVA, economic profit
Valuing Share and Companies

NAV, income-flow models, dividend valuation models, PER model, valuation using cash flow, valuation using owner earnings

Capital Structure

The concept of gearing, Modigliani and Miller's argument in a world with no taxes and with taxes,

Workshop Activity

Dividend Policy

Miller and Modigliani's dividend irrelevancy proposition, dividends as a residual, clientele effects, taxation, dividends as conveyors of information, agency theory, resolution of uncertainty

Indicative Bibliography:

Essential reading

Arnold, G. (2013) *Corporate Financial Management*, 5th ed, Harlow: Financial Times Prentice Hall

Other indicative reading

Brealey, R., Myers, S. & Marcus, A. (2012) *Fundamentals of Corporate Finance*, 7th ed., New York: McGraw Hill.

Brigham, E. F. & Houston, J. F. (2010) *Fundamentals of Financial Management*, 12th ed., Cincinnati, Ohio: Thomson South Western Publishing.

Watson, D. and Head, A. (2010) *Corporate Finance: Principles and Practices*, 5th ed., Harlow: Financial Times Prentice Hall