

Module Code:	BUS654
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Module Title:	Financial Management II
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Level:	6	Credit Value:	16
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Cost Centre(s):	GABP	JACS3 code:	N340
		HECOS code:	100832

Faculty:	FSLS	Module Leader:	Lim Siok Jin
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Scheduled learning and teaching hours	56 hrs
Guided independent study	104 hrs
Placement	0
Module duration (total hours)	160 hrs

Programme(s) in which to be offered (not including exit awards)	Core	Option
BA (Hons) Business Administration (Level 6 Top Up)	✓	<input type="checkbox"/>

Pre-requisites
N/A

Office use only

Initial approval: 23/08/2018 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 a working understanding and appreciation of financial markets

MA 2: To equip students with the sources of finance and the cost of capital, capital investment appraisal and valuation of shares and companies

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	Analyze the nature of capital markets and their role in providing access to finance	KS3	
		KS5	
		KS10	
2	Execute appropriately a variety of project appraisal methods	KS3	
		KS10	
3	Conceptualize assessment of risk and uncertainty	KS3	
		KS7	
4	Communicating financial ratio analysis results effectively	KS10	
		KS9	

Transferable skills and other attributes

Type of Skill	Skills development	Method of assessment
Critical Thinking Skill	Extracting Information	Final Examination
Problem Solving Skill	Case Studies	Final Examination
Writing Skill	Lecture and Independent Learning	Final Examination

Derogations*None***Assessment: Final Exam (100%)****Indicative Assessment Tasks:**

Assessment One: This is an closed-book exam covering areas of the syllabus. (3 hours, individual written exam)

Assessment Two: Analyse, discuss and present a report using appropriate methods to evaluate risk-return characteristics of a firm from a financial perspective. (2000 words essay, group presentation)

Assessment number	Learning Outcomes to be met	Type of assessment	Weighting (%)	Duration (if exam)	Word count (or equivalent if appropriate)
1	LO1-LO4	Examination	70	2 Hours	
2	LO1-LO4	Presentation	30		2000

Learning and Teaching Strategies:

Lecture, tutorial, consultation and group discussion

Syllabus outline:

This course covers study of financial management to facilitate the acquisition by students of a balance of skills and knowledge including skills in applying quantitative techniques

Content outline of the course / module and the SLT per topic	L	T	O	A
1. The Financial World Financial managers vs capital markets, the flows of funds, the financial system, the objective of firm, ownership and control	3	1	4	
2. Project Appraisal Value creation and corporate investment, NPV and IRR	3	1	4	
3. Practical Project Appraisal Profits vs cash flows, appraisal techniques, payback, ARR, IRR, investment process, capital rationing, taxation, inflation	3	1	4	
4. Risk and Project Appraisal Definition of risk, adjusting for risk, sensitivity analysis, scenario analysis, probability analysis, the risk of insolvency, real options	3	1	4	
5. 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 ethical dilemmas	3	1	4	
6. Equity Capital	3	1	4	

Preference shares, stock exchange, methods of issue, rights issues, EMH				
7. Debt Finance <i>Bonds, bank borrowing, syndicated loans, credit rating, junk bonds, valuing bonds trade credit, factoring, HP, leasing, TSIR</i>	3	1	4	
8. 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	3	1	4	
9. 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	3	1	4	
10. Valuing Share and Companies <i>NAV, income-flow models, dividend valuation models, PER model, valuation using cash flow, valuation using owner earnings</i>	3	1	4	
11. Capital Structure <i>The concept of gearing, Modigliani and Miller's argument in a world with no taxes and with taxes,</i>	3	1	4	
12. Workshop Activity	3	1	4	
13. Dividend Policy <i>Miller and Modigliani's dividend irrelevancy proposition, dividends as a residual, clientele effects, taxation, dividends as conveyors of information, agency theory, resolution of uncertainty</i>	3	1	4	
14. Workshop Activity	3	1	4	
<i>Final Examination</i>			38	2
<i>Sub-Total</i>	42	14	102	2
<i>Total</i>	160			
Credit	4			

Indicative Bibliography:

Watson, D. and Head, A. (2016) *Corporate Finance: Principles and Practices*, 7th ed., Harlow: Financial Times Prentice Hall

Brigham, E. F. & Daves, P. R. (2016), *Intermediate Financial Management*, 12th Ed., South-Western: Mason OH

Essential reading

Brealey, R., Myers, S. & Marcus, A. (2017) *Fundamentals of Corporate Finance*, 9th ed., McGraw Hill: New York.

Brigham, E. & Houston, J. F. (2016) *Fundamentals of Financial Management*, Mason: USA, Cengage Learning. 14th ed.,

Gitman, L.J. & Zutter, C. J. (2015) *Principles of Managerial Finance*. 14th ed. Pearson: Boston.

Other indicative reading

McLaney, E. J. (2017) *Business Finance: Theory and Practice*, 11th ed., Harlow: Financial Times Prentice Hall.

Berk, J. & DeMarzo, P. (2016) *Corporate Finance*, 4th ed., Essex: Pearson Education Limited