



Course information 2011–12

AC3059 Financial management

This course introduces students to the concepts and theories of corporate finance that underlie the techniques which are offered as aids for the understanding, evaluation and resolution of financial managers' problems.

Prerequisite

If taken as part of a BSc degree, courses which must be passed before this course may be attempted:

AC1025 Principles of accounting.

Exclusion

May not be taken with FN3092 Corporate finance.

Aims and objectives

This course is designed to:

- place financial management as a clear part of the decision making, planning and control subsystems of an enterprise
- provide an overview of the problems facing a financial merger in the commercial world
- introduce the concepts and theories of corporate finance that underlie the techniques which are offered as aids for the understanding, evaluation and resolution of financial managers' problems.

Essential reading

For full details please refer to the reading list.

Brealey, R.A., S.C. Myers and A.J. Marcus
Fundamentals of Corporate Finance. (McGraw-Hill Inc)

Learning outcomes

At the end of this course and having completed the essential reading and activities students should be able to:

- ✓ discuss the theoretical models underpinning the practices in financial management
- ✓ apply the techniques derived from the models and theories in financial management
- ✓ explain the long and short-term financial needs of a business
- ✓ describe the techniques used for the selection and management of long and short-term assets
- ✓ discuss and give examples of the wider aspects of financial management so as to include international considerations and the need to communicate decisions made to other members of a management team.

Assessment

This course is assessed by a three hour unseen written examination.

Students should consult the *Programme Regulations for degrees and diplomas in Economics, Management, Finance and the Social Sciences* that are reviewed annually. The Prerequisites, Exclusions, and Syllabus are subject to confirmation in the *Regulations*. Notice is also given in the *Regulations* of any courses which are being phased out and students are advised to check course availability.

Syllabus

This is a description of the material to be examined, as published in the *Regulations*. On registration, students will receive a detailed subject guide which provides a framework for covering the topics in the syllabus and directions to the essential reading.

A critical perspective of the topic of finance, the role of financial managers and the place of financial markets within the business environment in developed and developing economies. Topics will be set in both national and international contexts.

Sources and methods of raising finance including venture capital, public offerings, private placements and project finance.

A critical review of the different forms of finance such as equity, debt and their derivatives and incorporating critical consideration of their costs individually and in combination. Valuation methods for costing the different elements of capital such as the Capital Asset Pricing Model and the Arbitrage Pricing Model. Theories of capital gearing, dividend policy and corporate restructuring and refinancing. Mergers and acquisitions.

Evaluation of risk measurement theories and methods and their application to both sources of finance and to investment appraisal. Investment appraisal techniques in the certain and uncertain world, with and without constraints.

Analytical tools, techniques and methods for analysing financial reports incorporating an assessment of their relevance for evaluation and planning purposes. Strategic considerations of financial planning and control, models and methods, for management of corporate liabilities and assets. Consideration of theories and techniques for management of short term funds including treasury and currency management.

An introduction to risk management including hedging, futures, options and derivatives and their uses in both long and short term situations.