

MODULE: INTERNATIONAL FINANCIAL MANAGEMENT

CODE: BAIHM-3-2-10

Stage: III

Credit Points: 4 semester credits / 6 quarter units

Overview and Aims

The module builds on the concepts, conventions and principles of Financial Accounting in Stage 1 and Management Accounting in Stage 2.

The module focuses on the critical elements of financial decision making for hospitality organisations operating within the international business environment, including investment decisions, opportunities and risk, sources of finance and management of working capital. It presents the central role of financial management in determining an organisation's continued success, and examines the role of financial strategy in achieving corporate objectives.

This module aims to provide learners with a clear understanding of:

- The link between company decision-making and the operation of capital markets
- The link between finance and globalisation
- The importance of working capital management and the tools to manage it
- The financial environment in which multinational firms and managers must operate
- The International Monetary System and Foreign Exchange Management
- The financial management of a multinational firm
- How to assess overseas investment opportunities.

Module Content

Investment appraisal

An appreciation of the various evaluation techniques:

- Payback period
- Accounting rate of return
- Net present value
- Internal rate of return
- Discounted cash flow
- Relevant cash flows
- Impact of taxation.

Management of working capital

- Understanding the working capital cycle
- Funding of working capital
- Problems of overtrading
- Cash management, including cash budgets
- Sources of short-term finance
- Management of receivables – credit evaluation, setting credit policy, discounts, systems and techniques to control receivables, factoring, invoice discounting
- Management of payables – valuable source of finance, impact of discounts offered
- Management of inventories – use of various models e.g. Economic Order Policy.

Sources of finance

- Understanding the impact of share capital and loan capital on the organisation
- Identifying various providers of finance
- Appreciating the features of the various instruments and their suitability to the organisation
- Leasing – operating & finance leases; sale and leaseback
- Bank finance
- Venture capital
- Government sources.

Performance appraisal

- Analysis of the performance of an organisation
- Understand the key ratios which are used in evaluation
- Interpret the results and make recommendations to improve.

International finance

- Identify and evaluate the key risks of entering a foreign market
- Understand the various ways to enter a new market
- Understand the exchange rate risk and the various techniques to manage this risk.