

MODULE: STRATEGIC FINANCIAL MANAGEMENT

Semester:	II (Spring)
Stage:	III
Number of Credits:	4 semester credits/6 quarter units
Theme:	Finance
Assessment Weighting:	20% Coursework and 80% Final Examination

INTRODUCTION

This module leads on directly from Financial Management in Stage II. 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 (Stage II)
To 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.

LEARNING OUTCOMES

On successful completion of this module students will be able to:

Demonstrate an understanding of the impact of finance on the organisation.
Recognise how a company can be exposed and how 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 on this.
Advise the company in an acquisition situation

SYLLABUS

Investment Appraisal
Understand how to incorporate inflation
Taxation
How to handle risk & uncertainty

Cost of Capital

Calculation of the cost of the various sources of finance and the Weighted Average Cost

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 & Acquisitions /Company Valuations

Rationale for acquisition

Consideration for acquisition

Impact on both parties

Defence tactics etc.

Various methods of valuing companies

TEACHING AND LEARNING METHODS

The module will be delivered by means of formal and participative lectures supported by tutorials. These will be supplemented by course notes on specific issues that may require closer examination, analysis and research.

ASSESSMENT METHODS

Class work and directed assignments will be allocated on a regular basis. Students will be required to complete the necessary assignments throughout the module. Students will be advised how to undertake the assignments both in terms of the research and the presentation format involved.

Assignments will account for 20% of the course marks. The remaining 80% will be reserved for a closed book examination on module completion.

PRIMARY READING LIST

Management & Cost Accounting Drury, C., Chapman & Hall (Current Edition)

RECOMMENDED READING LIST

Management & Cost Accounting Horngren, Bhimani, Datar, Foster, Prentice Hall (1999)