



# **FINANCIAL MANAGEMENT**

INSTITUTE FOR PROFESSIONAL AND EXECUTIVE DEVELOPMENT

United Kingdom

## **UNIT SPECIFICATION**

[www.iped-uk.com](http://www.iped-uk.com)

## Unit Title

Financial Management

## Credit value

The credit value for this unit is 30

30 credits equivalent to 300 hours of teaching and learning  
(10 hours is equivalent to 1 credit)

Guided learning hours (GLH) = 50 hours

GLH includes lectures, tutorials and supervised study. This may vary to suit the needs and requirements of the learner and/or the approved centre of study.

Directed learning = 50 hours: This includes advance reading and preparation, group study, and undertaking research tasks.

Self-managed learning = 200 hours: This includes completing assignments and working through the core and additional reading texts. It also includes personal research reading via other physical and/or electronic resources.

<b>Learning outcome</b> Learner will:	<b>Assessment criteria</b> Learner can:
1.0 Understand the nature of financial management	1.1 Explain the meaning of financial management 1.2 Examine the key objectives of financial management <ul style="list-style-type: none"> <li>a. Wealth creation</li> <li>b. Cash generation</li> <li>c. Provision for adequate return on investment</li> </ul> 1.3 Examine the key elements to the process of financial management <ul style="list-style-type: none"> <li>a. Financial planning</li> <li>b. Financial control</li> <li>c. Financial decision making</li> </ul>
2.0 Understand the decision function of financial management	2.1 Analyse the 3 major areas of the decision function of financial management <ul style="list-style-type: none"> <li>2.1.1 Examine the investment decision</li> <li>2.1.2 Examine the financing decision</li> <li>2.1.3 Examine the asset management decision</li> </ul>
3.0 Understand the relationship between financial management and business success	3.1 Examine the nature of business activity (as a commercial operation and for profit making) <ul style="list-style-type: none"> <li>3.1.1 Identify the types of businesses that exist: <ul style="list-style-type: none"> <li>a. Sole proprietorship</li> <li>b. Partnership</li> <li>c. Limited companies</li> </ul> </li> <li>3.2 Examine the relationship between business success and return on investment (ROI)</li> <li>3.3 Explain the concept of creating shareholder value</li> </ul>

<p>4.0 Understand business success in relation to customer proposition</p>	<p>3.4 Examine how a business is financed through loan or equity (or share capital)</p> <p>4.1 Explore the criteria for having a superior customer proposition</p> <p>4.2 Evaluate the relationship between having a superior customer proposition and strategic success</p> <p>4.3 Examine the fundamental business model (according to Tennent 2008)</p>
<p>5.0 Understand how to calculate and interpret the weighted average cost of capital (WACC)</p>	<p>5.1 Explain what is meant by weighted average cost of capital (WACC)</p> <p>5.2 Calculate the WACC of firm and interpret the outcome</p> <p>5.3 Evaluate the relationship between ROI and WACC</p>
<p>6.0 Understand the nature of financial reporting and management reporting</p>	<p>6.1 Explain what is meant by:</p> <ul style="list-style-type: none"> <li>a. Financial reporting</li> <li>b. Management reporting</li> </ul> <p>6.1.1 Differentiate between management reporting and financial reporting</p> <p>6.1.2 Explore the contribution of management and financial reporting to organizational success</p>
<p>7.0 Understand why knowledge of financial management is important to managers</p>	<p>7.1 Discuss why non-financial managers require knowledge of financial management</p> <p>7.2 Examine the roles of the financial department in an organization</p> <p>7.2.1 Evaluate the contribution of a non-financial manager to</p>

<p>8.0 Understand the nature of a firm's goal and responsibilities</p>	<p>achieving the objectives of the financial department</p> <p>8.1 Give an account on value creation</p> <p>8.2 Compare profit maximization to wealth maximization</p> <p>8.3 Give an account on the agency theory and discuss the problems that arise when ownership of a firm is separated from its management</p> <p>8.3.1 Discuss how the problems associated with agency issues can be effectively managed</p>
<p>9.0 Understand the nature and relevance of corporate social responsibility</p>	<p>9.1 Explain what is meant by corporate social responsibility (CSR)</p> <p>9.1.1 Give a detailed account on corporate social responsibility</p> <p>9.2 Examine the relationship between CSR and business ethics</p> <p>9.3 Examine the dimensions of corporate social responsibility</p> <p>9.4 Examine who stakeholders are and discuss their role in the financial system</p> <p>9.5 Explain what is meant by sustainability in financial management</p>
<p>10.0 Understand the nature of corporate governance</p>	<p>10.1 Explain what is meant by corporate governance</p> <p>10.2 Examine the contribution of corporate governance to effective organizational management and strategic success</p> <p>10.3 Analyse the Sarbanes Oxley Act (SOX) of 2002 with respect to:</p> <ul style="list-style-type: none"> <li>a. History</li> <li>b. Applicability</li> <li>c. Benefits to firms and investors</li> </ul>

<p>11.0 Understand the organization of the financial management function</p>	<p>11.1 Analyse the relationship between the following:</p> <ul style="list-style-type: none"> <li>a. Board of directors</li> <li>b. President (Chief Executive Officer)</li> <li>c. Executive vice president(s): <ul style="list-style-type: none"> <li>- For operations</li> <li>- For marketing</li> <li>- For finance (Chief financial officer)</li> </ul> </li> <li>d. Vice presidents(s): <ul style="list-style-type: none"> <li>- Treasurer</li> <li>- Controller</li> </ul> </li> </ul> <p>11.2 Discuss the roles of the treasurer and the controller</p>
<p>12.0 Understand the nature and importance of financial statement analysis</p>	<p>12.1 Explain what is meant by financial statement analysis and examine its relevance to a business manager</p> <p>12.2 Evaluate the importance of the balance sheet, income and cash flow statements</p> <p>12.3 Describe the contents of a balance sheet</p> <p>12.4 Evaluate the performance of a firm using information extracted from its balance sheet</p> <p>12.5 Describe the contents of an income statement</p> <p>12.6 Evaluate the performance of a firm using information extracted from the income statement</p> <p>12.7 Examine the use of the cash flow statement</p> <p>12.8 Explore the limitations with the use of cash flow statements.</p> <p>12.9 Calculate and interpret profitability, liquidity, activity, leverage, coverage and investor ratios</p>

## Recommended learning resources

<b>Indicative reading</b>	John Tennent 2008; Guide to Financial Management. Profile Books London. ISBN 978-1-86197-809-7  James Horne et al 2008; Fundamentals of Financial Management. 13th Edition, Prentice Hall. ISBN 978-0-273-71363-0
<b>Learning Aid</b>	<ul style="list-style-type: none"><li>• A comprehensive IPED study material is available to aid in learning and research of this unit.</li><li>• We supply IPED course materials free of charge. Our study materials, which offer quick learning start, are comprehensive, use simple English, and are easy to read and understand. The contents are so sufficient and self-explanatory; that in majority of cases readers do not require further support; although support is always available when you need it.</li></ul>