

Cost & Management Accounting

Level 3



Paper 3 - Financial Management

Duration of Examination: 3 hours

OBJECTIVE: The objective of this paper is to provide an understanding and practical application of financial management in relation to the enterprise as a whole and all its activities. To study the profitable use of financial resources with particular reference to corporate growth and development.

SYLLABUS

Knowledge Requirements

1. Introduction:
 1. *Forms* of business organization B
 2. Objectives of the business and shareholders B
 3. Objectives of Institution, e.g. Banks B
 4. Objectives of Management and of Financial Management B
2. Capital Structures and Capital Gearing:
 1. Equity capital, by way of public issues through the Stock Exchange from financial institutions and private individuals. A
 2. Medium and long *term* funds A
 3. Bank overdrafts and other sources of short *term* credit (Export Credit Schemes) A
 4. Capital gearing A
 5. Appropriateness of different levels of gearing *for* different types of industry. A
3. MANAGEMENT OF WORKING CAPITAL
 1. Methods of financing *current* assets. The management of cash; cash *forecasting* and budgeting. Credit and collection policies and the management of debt, control of inventory investment; factors influencing investment in inventory. A
 2. Conceptual models *for* cash management. C
4. INVESTMENT ANALYSIS
Discount cash flow, discounting, expenditure, methods of appraisal. A
5. Share Valuation' goodwill, intangibles, market and book values, circumstances affecting values and different interests. Valuations, based on assets, profits and earnings, mergers and issues. A
6. Issues affecting the environment in which the Financial Manager operates:
Effect of inflation on financial Management. B
Effect of government economic and monetary policy.
7. Capital reconstruction scheme. B
9. Management of meetings, agendas, report writing. A