

# **ADMS** | **Advanced Diploma in Management Studies Programme**

<b>Course Name</b>	<b>: Financial Management</b>
<b>Course Code</b>	<b>: 73</b>
<b>Basic Course/ Optional Course</b>	
<b>Compulsory Course</b>	<b>: Optional Course</b>
<b>QF Level</b>	<b>: 4</b>
<b>No. of QF Credit</b>	<b>: 9</b>
<b>Mode of Tuition</b>	<b>: Sectional approach</b>
<b>Contact Hours</b>	<b>: 30</b>

## **Brief Course Description**

The course introduces students with basic concept and to apply it to solve simple issues in corporate finance such as project evaluation, capital structure, raising capital, dividend policy and investment.

## **Objectives**

This course provides students with the fundamental and key concepts on financial management. Upon completion of this course, students are expected to recognize the goals of financial management and the role of a finance manager, understand the functions of financial markets and financial institutions, interpret and use financial statements, understand the time value of money and the relationship between risk and return, evaluate the feasibility of investment projects, evaluate the impacts of different capital structure and firm's financing resources.

## **Course Intended Learning Outcomes (CILO)**

Upon completion of the course, students should be able to:

CILO 1: describe the roles of finance manager played in commercial organization;

CILO 2: describe the basics of financial mathematics and value of bonds and stock;

CILO 3: assess and evaluate project appraisal;

CILO 4: identify and formulate dividend policy;

CILO 5: identify and evaluate capital structure;

CILO 6: calculate the appropriate discount rate; and

CILO 7: formulate risk management strategies with respect to cash flow, foreign exchange and investments.

### **Measurement of Learning Outcomes**

1. Class discussion to draw students' attention to the practical issues in the commercial world. [CILO 1, 2, 3, 4, 5, 6, 7]
2. Class assignments are arranged to assess students' ability to calculate financial Mathematics. [CILO 3, 4, 5, 6, 7]
3. Mid-term test is used to assess the performance of students during the term. [CILO 1, 2, 3, 4, 5, 6, 7]
4. Final examination is used to assess the overall performance of students. [CILO 1, 2, 3, 4, 5, 6, 7]

### **Indicative Content**

#### Financial Management Environment

Goals of the firm. Role and nature of capital, money markets and financial institutions. Hong Kong monetary system and financial markets. Agency problems. Hong Kong corporate governance.

#### Financial Statement and Cash Flow

Financial statement analysis. Financial ratios. Cash Flow Statement.

#### Time Value of Money and its applications

Interest rates. Annuity and perpetuities. Value of bonds and stocks.

#### Capital Budgeting

Projected cash flows. Capital rationing. Sensitivity analysis. Scenario analysis.

#### Risk and Return

Measuring risk. Types of risk. Diversification. Capital asset pricing model. Cost of capital. Weighted-average cost of capital.

#### Raising Capital and Dividend Policy

Debt issuance and stock issuance. Rights issue. Dividend Policy.

#### Working Capital Management

Focuses on maintaining efficient levels of current assets and current liabilities to ensure that a company has sufficient cash flow in order to meet its short-term debt obligations and operating expenses.

### **Teaching Method / Class Activities**

Practical examples are used to illustrate techniques and theories taught in class. Questions in the test and final examination assess students' conceptual understanding and applications to real life problem. Active participation is encouraged. Students should be prepared to discuss designated readings and problems during class.

### **Weighting of Assessments:**

Class Assignments	8%
Mid-Term Test	22%
Final Examination	70%
Total	100%

### **Textbook**

Ross, S. A. et al., 2012. *Fundamentals of corporate finance, Asia global editon*. 1st ed. Singapore: McGraw-Hill Education (Asia).

**NOTIONAL LEARNING HOURS (NLHs) AND QF CREDIT OF THE COURSE**

		Learning outcomes	Contact hours (a)	Self-study hours (b)	Total hours (a+b)
<b>Learning and teaching activity</b>					
1	Lecture	CILO 1, 2, 3, 4, 5, 6, 7	24.5	49	73.5
2	Tutorial				
3	Practical work (laboratory, workshop, etc.)				
4	Online, distance and blended learning				
5	Internship / placement / fieldwork				
6	Others				
<b>Assessment</b>					
7	Exercise (class assignment)	CILO 3, 4, 5, 6, 7	4	10	14
8	Project				
9	Test / examination / assessment activities	CILO 1, 2, 3, 4, 5, 6, 7	3.5		3.5
10	Others				
Total NLHs					91
QF credit = Total NLHs/10					9