

	types of security in terms of the risk/return trade-off.
	2.7 Explain the functions and identify the links between the Money and Capital Markets.
	2.8 Discuss the process of Interest Rate Risk Management
	2.9 Discuss the process of Foreign Exchange Risk Management
3 Analyse management of working capital (current assets less current liabilities)	3.1 Defining Working Capital and the nature and scope of working capital management.
	3.2 Distinguishing between cash flow and profits.
	3.3 Explaining the requirement for effective working capital management.
	3.4 Establishing the relationship between working capital management and business solvency.
	3.5 Distinguishing between the working capital needs of different types of businesses.
	3.6 Outline and discuss the reasons for corporate failure
4 Analyse the importance of management of stock	4.1 Calculate and interpret stock ratios.
	4.2 Explain the role of in the working capital cycle.
	4.3 Apply the tools and techniques of stock management.
	4.4 Analyse and evaluate the results of stock management techniques.
5 Discuss Management of Creditors. Explain the role of Creditors in the working capital cycle.	5.1 Explain the availability of credit and the role of the Guarantee.
	5.2 Identify the risks of taking increased credit and buying under extended credit terms.
	5.3 Explain how methods of paying suppliers may influence cash flows of both parties.
	5.4 Identify the particular problems of managing overseas accounts payable.
	5.5 Calculating and interpreting creditor ratios.
	5.6 Applying the tools and techniques of creditor management.
	5.7 Analysing and evaluating results of creditor management techniques.
6 Discuss Management of Debtors. Explain the role of Debtors in the working capital cycle.	6.1 Explain how the creditworthiness of customers may be assessed.
	6.2 Evaluate the balance of risks costs of customer default against the profitability of marginal business.
	6.3 Explain the role of factoring and invoice discounting.
	6.4 Explain the role of settlement discounts.
	6.5 Discuss the particular problems of managing overseas accounts receivable .
	6.6 Calculate and interpreting Debtor ratios .

<p>7 Analyse management of cash. Explain the role of cash in the working capital cycle.</p>	<p>6.7 Apply the tools and techniques of debtor management.</p> <p>6.8 Analyse and evaluate the results of Debtor management techniques.</p> <p>7.1 Calculate optimal cash balances.</p> <p>7.2 Describe the functions of and evaluate the benefits from centralised cash control and treasury management.</p> <p>7.3 Calculate and interpret cash ratios.</p> <p>7.4 Apply the tools and techniques of cash management.</p> <p>7.5 Analyse and evaluate the results of cash management techniques.</p>
<p>8 Analyse sources of finance for Small and Medium Sized Enterprises (SMEs)</p>	<p>8.1 Discuss the sources of Finance in terms of risk / return trade-off.</p> <p>8.2 Describe the requirements for finance of SMEs (purpose, how much, how long).</p> <p>8.3 Describe the nature of the financing problem for small business in terms of the funding gap, the maturity gap and inadequate security.</p> <p>8.4 Identify the role of information provision provided by financial statements.</p> <p>8.5 Describe the particular financing problems of low-earning/high growth companies.</p> <p>8.6 Describe the response of government agencies and financial institutions to the SME financing problem.</p> <p>8.7 Explain what other measures may be taken to ease the financial problems of SMEs such as trade creditors, factoring, leasing, hire purchase, AIM listing business angles and venture capital.</p> <p>8.8 Describe how capital structure decisions in SMEs may differ from larger organisations.</p> <p>8.9 Calculate and interpret appropriate ratios.</p>
<p>9 Analyse the sources of equity financing. Describe ways in which a company may obtain a stock market listing.</p>	<p>9.1 Describe how stock markets operate, including AIM.</p> <p>9.2 Explain the requirements of stock market investors in terms of returns on investment.</p> <p>9.3 Calculate, analyse and evaluate appropriate financial ratios. (e.g. EPS, PE, yield, etc).</p> <p>9.4 Outline and apply the dividend valuation model, including the growth adjustment.</p> <p>9.5 Explain the importance of internally generated funds.</p> <p>9.6 Describe the advantages and disadvantages of rights of issues.</p> <p>9.7 Calculate the price of rights.</p> <p>9.8 Explain the purpose and impact of a bonus issue, scrip dividends and stock splits.</p> <p>9.9 Define 'Dividend Policy' and discuss its importance to limited companies</p>

<p>10 Analyse the sources of debt and near-debt financing. Explain the features of different types of preference shares and the reasons for their issue.</p>	<p>10.1 Explain the features of different types of long-term straight debt and the reasons for their issue.</p> <p>10.2 Explain the features of convertible debt and warrants and the reasons for the issue.</p> <p>10.3 Broadly describe the reasons for the choice of financing between preference shares, debt and near-debt instruments in the terms of the risk/return trade-off.</p> <p>10.4 Assess the effect on EPS of conversion and option rights.</p> <p>10.5 Broadly describe international debt markets and the financing of foreign trade.</p> <p>10.6 Calculate and interpret appropriate ratios.</p>
<p>11 Explore the capital structure (debt: equity ratio) decision</p>	<p>11.1 Explain and calculate the level of financial gearing from a set of Financial statements</p> <p>11.2 Distinguish between operational and financial gearing.</p> <p>11.3 Outline the effects of gearing on the value of shares, company risk and required return.</p> <p>11.4 Explain how a company may determine its capital structure in terms of interest charges, dividends, risk and redemption requirements.</p> <p>11.5 Explain the role of short term financing in the capital structure decision.</p> <p>11.6 Explain the relationship between the management of working capital and the long term capital structure decision.</p> <p>11.7 Calculate and interpret appropriate ratios.</p>
<p>12 Describe investment decisions</p>	<p>12.1 Define and distinguish between capital and revenue expenditure.</p> <p>12.2 Compare and contrast fixed asset investment and working capital investment.</p> <p>12.3 Describe the impact of investment projects on financial statements.</p> <p>12.4 Calculate payback and assess its usefulness as a measure of investment worth.</p> <p>12.5 Calculate Return on Capital Employed (ROCE) payback and assess its usefulness as a measure of investment worth.</p>
<p>13 Describe investment appraisal using Discounted Cash Flow (DCF) methods</p>	<p>13.1 Explain the importance of the time value of money and the role of the cost of capital in appraising investments.</p> <p>13.2 Identify and evaluate relevant cashflows of potential investments.</p> <p>13.3 Calculate present values to derive the NPV and IRR measures of investment worth.</p>

14	Describe project appraisal allowing for inflation and tax effects	13.4	Explain the superiority of DCF methods over paybacks and ROCE.
		13.5	Assess the merits of IRR and NPV.
		13.6	Apply DCF methods to asset replacement decisions.
		14.1	Explain the relationship between inflation and interest rates, distinguishing between real and nominal rates.
		14.2	Distinguish general inflation from specific price increases and assess their impacts on cashflows.
		14.3	Evaluate capital investment project on a real term basis.
15	Describe project appraisal allowing for risk	14.4	Evaluate capital investment projects on a nominal terms basis
		14.5	Calculate the effect of capital allowances and Corporation Tax on project cashflows.
		14.6	Evaluate the profitability of capital investment projects on a post-tax basis.
		15.1	Distinguish between risk and uncertainty.
		15.2	Identify the sources of risk affecting project profitability.
		15.3	Evaluate the sensitivity of project NPV to changes in key variables.
16	Describe capital rationing	15.4	Apply the probability approach to calculating expected NPV of a project and associated standard deviation.
		15.5	Apply decision tree analysis in project appraisal situations.
		15.6	Explain the role of simulation in generating a probability distribution for the NPV of a project.
		15.7	Identify risk reduction strategies for projects.
		15.8	Evaluate the usefulness of risk assessment methods.
		16.1	Distinguish between hard and soft capital rationing.
17	Describe leasing decisions	16.2	Apply profitability index techniques for single period divisible projects.
		16.3	Evaluate projects involving single and multi-period capital rationing.
		17.1	Distinguish between operating and finance leases.
		17.2	Apply DCF methods to projects involving buy or lease problems.
		17.3	Assess the relative advantages and disadvantages of different types of lease.
		17.4	Describe the impact of leasing on company gearing.




Recommended Learning Resources: Financial Management

Text	<ul style="list-style-type: none"> • Guide to Financial Management by John Tennent. ISBN-10: 186197809X • Modern Financial Management by Stephen A. Ross , Randolph W Westerfield ,
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Books	Jeffrey Jaffe. ISBN-10: 0071286527 <ul style="list-style-type: none"> Financial Management: Theory and Practice by Eugene F. Brigham , Michael C. Ehrhardt. ISBN-10: 0324422695
Study Manuals 	BCE produced study packs
CD ROM 	Power-point slides
Software 	None