

6.6 Module 6 Strategic Financial Management

6.6.1 Headline information about the module

Module title	Strategic Financial Management
Module NFQ level (only if an NFQ level can be demonstrated)	9
Module number/reference	PGDAFM -SFM
Parent programme(s) the plural arises if there are embedded programmes to be validated.	MSc in Accounting and Finance Management
Stage of parent programme	1
Semester (semester1/semester2 if applicable)	2
Module credit units (FET/HET/ECTS)	ECTS
Module credit number of units	5
List the teaching and learning modes	Full time, part time
Entry requirements (statement of knowledge, skill and competence)	Learners must hold an honours degree of at least a H22 standard in an accounting/finance related field or equivalent qualification from an approved tertiary or professional institution.
Pre-requisite module titles	Not applicable
Co-requisite module titles	Not applicable
Is this a capstone module? (Yes or No)	No
Specification of the qualifications (academic, pedagogical and professional/occupational) and experience required of staff (staff includes workplace personnel who are responsible for learners such as apprentices, trainees and learners in clinical placements)	Qualified to at least master's level in accounting, finance or business equivalent preferably with a professional accounting / finance qualification and a third level teaching qualification (e.g. Certificate in Training and Education).
Maximum number of learners per centre (or instance of the module)	60
Duration of the module	12 weeks
Average (over the duration of the module) of the contact hours per week	3
Module-specific physical resources and support required per centre (or instance of the module)	Normal lecture room with internet access and good-quality audio-visual equipment.

Analysis of required learning effort										
Effort while in contact with staff										
Classroom and demonstrations		Mentoring and small-group tutoring		Other (specify)		Directed e-learning (hours)	Independent learning (hours)	Other hours (specify)	Work-based learning hours of learning effort	Total effort (hours)
Hours	Minimum ratio teacher/learner	Hours	Minimum ratio teacher/learner	Hours	Minimum ratio teacher/learner					
24	1:60	12	1:20				89			125
Allocation of marks (within the module)										
				Continuous assessment	Supervised project	Proctored practical examination	Proctored written examination	Total		
Percentage contribution				20%			80%	100%		

6.6.2 Module aims and objectives

The module analyses and evaluates the main concepts in finance relevant to financial management decision making. The module looks at macroeconomic variables such as interest rates and exchange rates in the context of financial and investment decision making. The module also analyses some practical and applied questions in relation to derivative pricing and investment appraisal. The module develops the learner's advisory skills in evaluating business financing options, managing financial risks and formulating appropriate investment decisions.

6.6.3 Minimum intended module learning outcomes

On successful completion of this module, learners can:

- (i) Critically assess the impact of macroeconomic variables on financial management.
- (ii) Formulate financial strategies taking account of a range of stakeholders and their respective interests.
- (iii) Critically evaluate managerial financial issues such as capital structure, cost of capital and capital budgeting decisions.
- (iv) Evaluate and advise on alternative corporate re-organisation strategies.
- (v) Scrutinise the key strategic financial issues to be considered in an acquisition or merger.

- (vi) Evaluate the exposure of a company to key financial risks and analyse the techniques required to manage such risks.

6.6.4 Rationale for inclusion of the module in the programme and its contribution to the overall MIPLOs

This module considers a range of major strategic financial issues of importance to company financial officers (FDs and CFOs), managers and analysts involved or interacting with finance-related activities and decisions. In so doing, this module blends the core principles of financial management with business strategy.

6.6.5 Information provided to learners about the module

The Programme Handbook contains the module descriptor and assessment details. Extensive use of the VLE, Moodle, provides detailed notes and additional resources. In class, learners are provided with a PowerPoint pack and extensive reading list, incorporating professional and academic sources.

6.6.6 Module content, organisation and structure

Nature and purpose of financial management

- Relationship with financial objectives and corporate strategy
- Not-For-Profit organisations
- Value For Money
- Legal and regulatory framework governing financial management
- Ethical considerations
- Raising Capital on Financial Markets
- Corporate Goals and Corporate Governance
- Impact of fiscal, monetary, interest rate and exchange rate policies
- Economic environment

Working Capital Management

- Nature, elements and importance of working capital
- Management of inventories, accounts receivable, accounts payable and cash
- Determining working capital needs and funding strategies

Advanced investment appraisal

- Discounted cash flow techniques, use of free cash flows, treatment of inflation, taxation, risk and uncertainty
- Multi-period capital rationing, impact of financing on investment decisions
- Pecking order theory, Static trade-off theory
- Agency effect and capital structure
- Option price theory, principal drivers
- International investment and financing decisions- impact of exchange controls, strategies for restricted remittance

Business Finance

- Sources of finance – internal/ external finance, short-term/long term
- Gearing and capital structure
- Finance for SMEs
- Leasing, Lease versus buy decision
- Capital rationing
- Asset replacement
- Dividend decision
- Islamic finance

Cost of Capital and Cost of Equity

- Company and Project Costs of Capital
- Measuring the cost of capital
- Discount Rates for Intl. Projects
- Estimating Discount Rates
- Corporate Taxes and Value
- Cost of Financial Distress

Business and Financial Risk Management

- Why Manage Risk
- Value At Risk and its impact on corporate governance
- Forward and Futures Contracts
- Hedging against interest rate risk, use of derivatives
 - Forward rate agreements, interest rate futures, interest rate swaps, caps and collars
- Options workings and terminology
- Comparing and contrasting options, futures and forwards
- Quantitative and qualitative considerations
- Role of treasury function in multinationals
- Dividend policy in multinationals

- Dividend capacity
- Reinvestment strategy
- Capital reconstruction programmes
- Transfer pricing across international borders

International Risk Management

- Foreign Exchange Markets
- Some Basic Relationships
- Hedging Currency Risk, use of derivatives
 - Forward exchange contracts, Currency swaps, currency options
 - Exchange Risk and International Investment Decisions
 - Other forms of risk
- Exposure to political, economic, regulatory and fiscal risk

Portfolio Theory

- Risk and Return Relationship
- Validity and the Role of the CAPM

Acquisitions and mergers

- Acquisitions and mergers versus other growth strategies - revenue synergy, cost synergy, financial synergy
- Valuation for acquisitions and mergers
 - Impact of acquisitions and mergers on the risk profile of acquirer
 - Business valuation methods
- Regulatory framework
 - Development of framework
 - Shareholder and stakeholder models of regulation
- Financing acquisitions and mergers
- Ethical defence tactics
- Financial and Legal Due Diligence
- Post-acquisition assimilation

6.6.7 Module teaching and learning (including formative assessment) strategy

A range of delivery methods are adopted, including lectures, tutorials, case studies and in-class exercises using a range of professional and academic sources. These are designed to engage learners in the module content, and associated competencies that the programme team wishes learners to develop over the course of the module. Learners' guided independent reading and research is supported by use of Moodle to help prepare learners for their classes in addition to developing autonomous self-directed learners.

6.6.8 Work-based learning and practice-placement

There is no work-based learning on practice-placement within this module.

6.6.9 E-learning

E-learning supports are provided via the college's online learning environment, Moodle, including extensive library resources.

6.6.10 Module physical resource requirements

Normal lecture room with internet access and good-quality audio-visual equipment.

6.6.11 Reading lists and other information resources

All learners are provided with a Griffith College *Strategic Financial Management Manual*, updated annually by the lecturer(s).

Primary Reading

Brealey, R.A., Myers, S.C. and Allen, F. (2016) *Principles of Corporate Finance* 12th ed. McGraw-Hill Irwin: New York, NY.

Brigham, E.F. and Daves, P.R. (2019) *Intermediate Financial Management* 13th ed. Cengage Learning: Boston.

Brigham, E.F. and Ehrhardt, M.C. (2017). *Financial Management: Theory and Practice* 15th ed. Cengage Learning: Boston.

Copeland, T.E., Weston, J.F. and Shastri, K. (2005) *Financial Theory and Corporate Policy* 4th ed. Addison Wesley: Boston.

Ward, A.M. (2014) *Finance: Theory and Practice* 3rd ed. Chartered Accountants Ireland: Dublin.

Secondary Reading

Carl Kester, W., Ruback, R.S. and Tufano, P. (Ed.'s) (2004) *Case problems in Finance* McGraw-Hill Higher Education: Boston.

Chorafas, D.N. (2007) *Strategic Business Planning for Accountants: Methods, Tools and Case Studies* Elsevier-Clarke: Oxford.

Eun, C.S. and Resnick, B.G. (2014) *International Financial Management* 7th ed. McGraw-Hill: New York.

F.L., Dean, G.W. and Oliver, K.G. (2003) *Corporate Collapse: Accounting, Regulatory and Ethical Failure* 2nd ed. Cambridge University Press: Cambridge.

Gole, W.J. & Morris, J.M. (2007) *Mergers and Acquisitions: Business Strategies for Accountants* 3rd ed. Hoboken, N.J.: John Wiley & Sons.

Journals

The Journal of Finance
The American Economic Review
The Journal of Business
Harvard Business Review
Strategic Business Journal
Strategic Management Journal
Harvard Business School Press
International Journal of Management

6.6.12 Specifications for module staffing requirements

Lecturer(s) are qualified to at least master's level in accounting, finance or business equivalent preferably with a professional accounting / finance qualification and a third level teaching qualification (e.g. Certificate in Training and Education).

6.6.13 Module summative assessment strategy

Assessment for the module consists of a detailed assignment and an end of term examination. This an appropriate approach for a detailed numerical subject.

The assignment is a detailed case study from a main area of the syllabus. It requires learners to assess a scenario, carry out detailed calculations and provide advice to management on the acceptability of the proposal

The end of term examination is closed book over three hours. It concentrates on the main elements of the module outcomes with all aspects of the syllabus examined over a cycle of a number of papers.

The assessed work breakdown can be seen in the table below.

No	Description	MIMLOs	Weighting
1	Individual Assignment on aspects of strategic financial management, combining theory and a practical element.	i, ii, iii, iv, v, vi	20%
2	Closed book exam	i, ii, iii, iv, v, vi	80%

6.6.14 Sample assessment materials

Please see Sample Assessment Handbook