

## Part B



### 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.

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<u>SYLLABUS</u>	<u>Knowledge Requirements</u>
1. Introduction:	
1. <i>Forms</i> 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 <i>term</i> funds	A
3. Bank overdrafts and other sources of short <i>term</i> credit (Export Credit Schemes)	A
4. Capital gearing	A
5. Appropriateness of different levels of gearing <i>for</i> different types of industry.	A
3. MANAGEMENT OF WORKING CAPITAL	
1. Methods of financing <i>current</i> assets. The management of cash; cash <i>forecasting</i> and budgeting. Credit and collection policies and the management of debt, control of inventory investment; factors influencing investment in inventory.	A
2. Conceptual models <i>for</i> 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: <i>Effect</i> of inflation on financial Management. <i>Effect</i> of government economic and monetary policy.	B
7. Capital reconstruction scheme.	B
9. Management of meetings, agendas, report writing.	A