

Module 18: Business Finance

Stage							3
Semester							1
Module Title							Business Finance
Module Number							18
Module Status							Mandatory
Module NFQ level							7
Pre-Requisite Module Titles							N/A
Co-Requisite Module Titles							N/A
Capstone Module?							No
List of Module Teaching Personnel							Michael O'Grady, Catherine O Connell, Patrick Carraig
Contact Hours					Non-contact Hours		Total Effort (hours)
58					142		200
Lecture	Practical	Tutorial	Seminar	Assignment	Placement	Independent Work	
48		10		20		122	200
Allocation of Marks (Within the Module)							
	Continuous Assessment	Project	Practical	Final Examination	Total		
Percentage Contribution	20%			80%	100%		

Intended Module Learning Outcomes

On successful completion of this module, the learner will be able to:

1. Describe the financial environment within which organisations must operate
2. Critically evaluate the financial objectives of various types of organisations and the respective requirements of stakeholders
3. Discuss the function of capital markets
4. Evaluate alternative sources of finance and investment opportunities and their suitability in particular circumstances
5. Assess the factors affecting investment decisions and opportunities presented to an organisation
6. Demonstrate a sense of judgement in managing working capital
7. Communicate effectively in discussion and contribute responsibly to team-work efforts
8. Analyse a company's performance and make appropriate recommendations

Module Objectives

This module introduces the basics of Financial Management and their application in practice. The module focuses on the critical elements of financial decision making for organisations, including investment decisions, sources of finance, management of working capital and performance appraisal.

The objectives are to:

- Provide learners with an in-depth understanding of the link between company decision-making and the operation of capital markets
- Ensure learners understand and appreciate the strong linkages between finance and globalisation
- Demonstrate the importance of working capital management and the tools to manage it
- Help the student explore the financial environment in which firms and managers must operate.

Module Curriculum

Objectives of Financial Management

- The relationship between Financial Management and Financial and Management Accounting
- Identify and describe the financial objectives of organisations
- Identify the various stakeholders and their objectives
- Examine Agency Theory and the ways to achieve shareholder objectives
- Financial objectives in Not-For-Profit organisations

Investment Appraisal

- An appreciation of the various evaluation techniques:
 - Payback Period
 - Accounting Rate of Return
 - Net Present Value
 - Internal Rate of Return
- Understanding Discounted Cash Flow
- Identifying relevant Cash Flows
- Impact of taxation

Management of Working Capital

- Understanding the Working Capital Cycle
- Funding of Working Capital
- Problems of Overtrading
- Cash Management, including Cash Budgets
- Sources of short-term finance
- Management of Receivables – credit evaluation, setting credit policy, offering discounts, systems and techniques to control receivables, factoring, invoice discounting
- Management of Payables – important source of finance, impact of discounts offered
- Management of Inventories – use of various models e.g. Economic Order Quantity (EOQ) and Just-in-Time (JIT). Evaluate impact of discounts offered for bulk-buying.

Sources of Finance

- Understanding the impact of Share Capital and Loan Capital on the organisation
- Identifying various providers of finance
- Appreciating the features of the various instruments and their suitability to the organisation
- Leasing – operating and finance leases; sale and leaseback
- Bank Finance
- Venture Capital/Business Angels
- Government sources of finance

Performance Appraisal

- Analysis of the performance of an organisation
- Understand the key ratios which are used in evaluation
- Interpret the results and make recommendations for improvement

Reading lists and other learning materials

van Horne, J., Wachowicz, J.M. (2008) *Fundamentals of Financial Management 13th edition*. Financial Times/ Prentice Hall

Watson, D., Head, A. (2006) *Corporate Finance: Principles and Practice 4th edition*. Financial Times/ Prentice Hall

Financial press and financial pages of daily papers: Irish Times, Irish Independent, Financial Times, Sunday Times, Sunday Business Post

Useful websites:

www.ft.com - **Financial Times**

www.wsj.com - **The Wall Street Journal Online**

www.investmentinternational.com - **Investment International**

Module Learning Environment

The module is taught in a traditional classroom setting for lectures and tutorials. At commencement of the course learners are provided with a detailed course manual and a learner handbook, incorporating the module descriptor, learning outcomes and assignment briefs.

Module Teaching and Learning Strategy

The module is delivered by means of formal and participative lectures supported by the use of case studies, reflecting the importance of finance in practical situations.

Tutorials are also used to discuss financial management topics in greater depth and past examination papers with suggested solutions are introduced.

Learners are expected to undertake significant reading and preparation before classes.

Module Assessment Strategy

Class work and directed assignments are allocated on a regular basis. Learners are required to complete the necessary assignments throughout the module. Learners are advised how to undertake the assignments both in terms of the research and the presentation involved.

Assignments account for 20% of the module marks. The remaining 80% is reserved for a closed book examination on module completion.

