FOUNDATION PROGRAMME MODULE

Financial Management (FMF)

Module Objective
Upon completion of the Financial Management (FM) module, Candidates will be equipped with the skills expected from an aspiring finance manager. Starting with the environment and scope of finance, the module will delve into working capital management through active analysis of current assets and current liabilities. The firm’s cost of capital, through debt and equity sources, and other business finance issues will also be explored. Candidates will then be exposed to different investment appraisal techniques and business valuation models to arm them with the knowledge to price financial instruments and businesses. Finally, the module will conclude with key risk-management elements, such as operational, market, reputation, and strategic risk concepts.

The Module at a Glance
A: Describe the nature and purpose of financial management, and how the objectives relate to an entity’s corporate strategy, both financially and non-financially, in different types of organisations. For each type of business, outline the economic environment faced by the business and consider the role of financial markets and institutions.
B: Discuss the importance of working capital management and describe the different management approaches relating to inventory, accounts receivable, accounts payable, and cash appropriate to the business entity, for working capital needs and funding strategies.
C: Identify the purpose of investment appraisal, and apply the non-discounted and discounted cash flow techniques, adjusting for the effects of risk and uncertainty. Effects of inflation and taxation are also considered under the discounted cash flow techniques, as appropriate.
D: Describe the different sources of short- and long-term finance that are appropriate and available to different business entities, in different industries and size, including small- and medium-sized entities. Consider the implications of an existing or proposed finance structure on gearing, cost of capital (debt and equity), and the capital structure. Consider the impact of the cost of capital in investment appraisal.
E: Identify the different types of risk that may be contained within a defined business environment and apply appropriate monitoring and mitigation strategies.
F: Describe and apply the different business valuation models available to value an organisation with debt and/or equity. Outline the efficient market hypothesis and state how this affects the valuation of shares.

Assumed Knowledge and Pre-requisites
It is assumed that Candidates will have acquired a basic understanding of financial management issues from their prior tertiary studies, and have a good working knowledge of the Singapore economy, including its position in the region and internationally.

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