

UNDERSTANDING FINANCIAL MANAGEMENT



International School
Of Management

— UNLOCKING KNOWLEDGE —

INTRODUCTION



Good businesses are ultimately a reflection of good people with good financial management abilities and every business person and manager must have a good understanding of how business decisions play out in financial terms; either directly or indirectly, as money is an important measure of business success.

Either short or long term decisions, proposals or actions will have a financial impact on the company. This course will open up students' understanding of finance and the implications of their work on the wealth of the organization. After this course, students should become more confident at performance report meetings and with reading financial reports.

In two (2) extremely busy but rewarding days, students will transform their financial and accounting skills and will gain the confidence and ability to make a more effective contribution to their businesses and the determination of performances. Through various exercises, case studies and presentations, even students with an accounting background should benefit immensely from this stimulating exposition on the basic principles and practices of this essential area of business.

This course provides a detailed overview of financial management in both profit and non-profit organizations. Emphasis is on financial statement analysis, time value of money, management of cash flow, risk and return, and sources of financing. Upon completion of the course, students should be able to interpret financial statements correctly and apply the principles of financial management productively.

LEARNING OUTCOMES

This course is designed to enable students develop skills and competencies that should result in the following learning outcomes:

- Confident use and contribution to financial reports
- Ability to read, reflect and synthesize various topics related to fiscal matters and financial decision making
- An understanding of fiscal, budgetary and planning issues as they pertain to both profit and non-profit organizations.
- Application of the aforementioned acquired knowledge to problem-solving in practical and personal situations.
- Development of an understanding of the value of finance within the area of organizational effectiveness based on readings, discussions, and experiential exercises.
- Flexible application and interpretation of financial reports for informed decision making
- Describing, analyzing, synthesizing and evaluating the various finance scenarios discussed in the readings and through class discussions
- Understand of the role of financial knowledge in leadership
- The use of financial knowledge for both planning and execution in both personal and professional lives.

COURSE OUTLINE

(A financial calculator preferably is required for this course)

1. Introduction to Financial Management

- a. What is the appropriate goal of the firm?
- b. What is financial management?
- c. The various forms of businesses, and the corporate tax structure?
- d. Time Value of Money
- e. Efficient Capital Markets
- f. Agency Problems
- g. Diversification
- h. Cash Flow and Taxes and their implications for financial managers

2. Financial Markets and Interests Rates

- a. Types of financing used by firm
- b. Why financial markets exist
- c. Key components of financial market system
- d. Role of investment bankers
- e. Inflation and interest rates and their relationship; theories of interest rates

COURSE OUTLINE (CONT'D)

3. Mathematics of Finance

- a. Present and future value of lump sums, perpetuities, annuities, annuities due
- b. Loan amortization
- c. Annualized percentage rate (APR)
- d. Effective interest rate

4. Risk and Rates of Return

- a. Risk of an individual asset and that of a portfolio
- b. How is risk-return trade-off affected by diversification principles?
- c. Market risk, diversifiable risk
- d. Relation between risk and return; beta and its implications for investors

5. Bond Valuation

- a. Different kinds of bonds in the market
- b. How to read and understand market quotations of the FMDQ OTC Plc
- c. Important relationships that exist in bond valuation and implications for investors

6. Stock Valuation

- a. Basic characteristics of stocks
- b. How to evaluate preferred and common stock
- c. How to calculate expected and required rate of return for stocks
- d. Assumptions behind models and their limitations
- e. How to read and interpret stock market quotations.

7. Cash Flow Estimations and Capital Budgeting Techniques

- a. Why it is so hard for firms to find profitable investment opportunities
- b. Role of taxes and depreciation in determining initial outlay, operating cash flows and terminal cash flow needed in evaluating long term capital investments
- c. The process of evaluating capital budgeting projects such as;
 - i. Net Present Value
 - ii. Internal Rate of Return
 - iii. Profitability Index
 - iv. Pay Back Period
- d. Conflicts between NPV and IRR and how to resolve these conflicts
- e. How to tie the capital budgeting decision to the overall goal of shareholder wealth maximization

8. Cost of Capital

- a. What is the cost of capital and how does it play a role in various decisions made by financial managers?
- b. What factors determine the cost of capital?
- c. How to compute cost of debt, preferred and common stock capital and put them together to develop the

COURSE OUTLINE (CONT'D)

overall cost of capital for the firm.

- d. What assumptions are made in such computations?
- e. Role of tax laws in computing cost of capital

9. Analysis of Leverage and Its Impact

- a. What is the difference between business and financial risk?
- b. How to calculate break-even analysis;
 - i. Determine break-even point
 - ii. Understand the assumptions and implications
- c. Differences between operating, financial and combined leverage
 - i. How to compute these
 - ii. Implications for decision making.

10. Planning the Firm's Financing Mix

- a. What is the meaning of capital structure?
- b. How does a firm identify its optimum capital structure?
- c. What are some of the key theoretical developments in the field of capital structure and how do they relate to the real world?
- d. Tools for capital structure management
- e. Implications of tax laws, agency costs and bankruptcy costs in determining capital structure for firms

RELEVANCE

This programme will benefit anyone who is, or will be, taking responsibility for initiating or driving businesses forward. It will also benefit finance or support staff members who want to build on specialist skills and gain a more complete view of how to develop a successful strategic plan. Typical roles will be:

- Senior Management
- General/Operational Management
- Product/Service Management
- Financial Executives
- Marketing Executives
- Other persons (investors or managers) who use financial statements or reports.

REGISTRATION & ENQUIRIES

Duration : 2 days

Registration : N10, 000 (non-refundable)

Tuition : N140, 000

FOR FURTHER ENQUIRIES, PLEASE CONTACT:

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