



Undergraduate programmes

Syllabus

Financial Management 3

Module Code: FM303
Credits: 20
IMM GSM: Year Level: 3
NQF Level: 7
Nature: Core
Status: Undergraduate

Module Specific Outcome/s

Develop financial literacy on a theoretical and practical level.
 Analyse expenditure and income of a business successfully.
 Understand the importance of long and short term financial planning

Description of Units

Unit	Description	Learning Outcomes
1	Finance and marketing interface	Understand and discuss the interdependency between marketing and finance.
2	Financial structure	Distinguish between a fixed asset and a current asset. Define a liability. Calculate the capital of a business inclusive of goodwill and brand value. Understand that a balance sheet must be in balance. Calculate gross profit. Calculate the trading profit. Define and recognise an expense. Categorise marketing expenses. Calculate the cash flow.
3	Matching concepts	Understand the matching concepts. Calculate cost of goods sold. Use cost of goods sold to determine price strategies. Define and apply stock valuation methods. Calculate the depreciation. Apply the matching concepts to calculate profit. Demonstrate competence in the context of a case study.
4	Operational performance analysis	Draw a chart related to financial information. Identify the key areas on which ratio analysis focuses. Calculate financial performance ratios of: Asset turnover Current ratio Acid test ratio Stock turnover / link to promotional activities Debtors' collection period/relate to segmentation/target marketing decisions Creditors' payment period Net margin Gross margin Mark-up / pricing theory Return on capital employed Link different ratios to various components of marketing strategy. Analyse and interpret these ratios in terms of organisations' staff numbers, space used, clients, volumes of orders and customer predictive analysis. Identify and discuss the use of ratios in the manufacturing, retail, wholesale and service sectors of business. Discuss and illustrate the trade-off between resource utilisation and profitability. Use the profit pathways model for comparative analysis and interpretation of competing businesses.
5	Returns to investors	Distinguish between shareholders' finance and loan finance. Calculate investment performance ratios of: Earnings per share Dividend per share Dividend cover Dividend yield Price/earnings ratio Gearing Return on shareholders' funds

		<p>Calculate cost of capital.</p> <p>Assess investment performance by using the ratios.</p> <p>Analyse and interpret the impact of gearing on shareholders returns.</p> <p>Analyse and interpret the impact of shareholders' return on capital gain.</p> <p>Construct a logical argument relating performance to decisions and systems at operational level.</p> <p>Analyse and interpret the impact of proposed changes on future performance.</p> <p>Discuss the above concepts in the context of marketing of financial results:</p> <ul style="list-style-type: none"> for stakeholders PR role impact on corporate image internal marketing to employees
6	Forecasting as part of the strategic marketing planning process	<p>Distinguish between the requirements for short-term and long-term forecasting.</p> <p>Identify the components of a time series.</p> <p>Produce a forecast.</p> <p>Calculate seasonal variations and sales forecasting.</p> <p>Indicate how sales forecasting would influence promotional strategy.</p> <p>Explain the term exponential smoothing.</p> <p>Interpret the correlation coefficient.</p> <p>Recognise the equation of a straight line.</p> <p>Interpret the slope of a straight line.</p>
7	Budgeting for marketing expenses	<p>Define the terms cost centre, profit centre and investment centre.</p> <p>Identify a suitable base for the apportionment of a cost item.</p> <p>Calculate direct profitability.</p> <p>Define management by objectives and management by exception.</p> <p>Compare zero-based budgeting with incremental budgeting.</p> <p>Compile a cash budget.</p> <p>Compile budgeted financial statements using ratios, forecasts and budget applications..</p> <p>Analyse budgets</p> <p>Calculate and interpret variances.</p> <p>Calculate a flexed budget.</p> <p>Evaluate the performance of a cost, profit and investment centre.</p>
8	Short-term decision-making	<p>Define and classify fixed costs and variable costs.</p> <p>Calculate the break-even point and relate this to the product life cycle.</p> <p>Interpret the break-even point.</p> <p>Perform a sensitivity analysis in terms of:</p> <ul style="list-style-type: none"> Selling price Fixed costs Variable costs Sales volume Product composition <p>Interpret the results of a sensitivity analysis.</p> <p>Identify the impact of marketing (four P's) on break-even and profitability.</p> <p>Define the decision cost terms:</p> <ul style="list-style-type: none"> Marginal Differential Sunk Common Opportunity Relevant <p>Identify costs, which are relevant to a decision.</p> <p>Evaluate a decision.</p> <p>Outline marketing considerations, which should be considered in conjunction with financial considerations to make a specific decision.</p>
9	Pricing	<p>Discuss the short-term and long-term aspects of pricing decisions.</p> <p>Calculate a price.</p> <p>Explain the impact of a price on break-even and sensitivity analysis.</p> <p>Evaluate the impact of marketing on price determination.</p>
10	Long-term investment decisions	<p>Discuss and apply the techniques used in effective long-term planning.</p> <p>List the advantages and disadvantages of every technique.</p> <p>Explain and apply the time value of money.</p> <p>Identify the sources of finances and the various implications of each.</p> <p>Calculate the expected monetary value.</p> <p>Construct a pay-off matrix.</p> <p>List aspects to be considered in long-term sensitivity analysis.</p>