

Professional Diploma In Corporate Administration (PDCA): Part 2

BUSINESS FINANCE

SYLLABUS

DESCRIPTION

This course introduces the student to the basic financial management that covers the issues on investment, financing and dividend decisions. It covers both the concept and applications of techniques as tools for making decisions. The topics covered include financial statement analysis, working capital management, risk and return relationships, time value of money, efficient market hypothesis, sources of finance, capital structure, invest appraisal and dividend policy. The application of the topics to international markets will be made whenever possible.

LEARNING OUTCOME

The successful student of Business Finance should understand and be able to apply the basic time value methodology to general valuation and other cash flow applications and employ the traditional evaluation techniques of capital budgeting analysis in business and personal capital investment decisions.

Upon successful completion of this course the student should be able to:

- identify the goal of a firm and the role of financial manager;
- apply the concept of time value of money;
- understand the concept of risk and return, and to apply the techniques in appraising portfolio theory and capital budgeting asset pricing model;
- manage working capital and perform capital budgeting analysis;
- evaluate sources of finance and financial environment in which business decisions are made;
- examine dividend policies.

LEARNING CONTENTS

Introduction to Financial Management

- An Overview of Financial Management
- Financial Statements, Cash Flow, and Taxes
- Analysis of Financial Statements
- The Financial Environment: Markets, Institutions, and Interest Rates

Fundamental Concepts in Financial Management

- Risk and Rates of Return
- Time Value of Money

Financial Assets

- Bonds and Their Valuation
- Stocks and Their Valuation

Cost of Capital

- Cost of equity
- Cost of debt
- Weighted average cost of capital

Investing in Long-Term Assets: Capital Budgeting

- The Basics of Capital Budgeting
- Cash Flow Estimation and Risk Analysis
- Other Topics in Capital Budgeting

Capital Structure and Dividend Policy

- Capital Structure and Leverage
- Distribution to Shareholders: Dividends and Share Repurchases

Working Capital Management

- Managing Current Assets
- Financing Current Assets

RECOMMENDED READING

1. **MAICSA STUDY MANUAL** - Business Finance Manual
2. **Andrew Leong Fook Chee, Sharifah Fadzlon Abdul Hamid and Tew You Hoo (2009)**, *Corporate Finance*, Pearson Malaysia
3. **Brigham, E.F. and Houston, J.F. (2004)**, *Fundamentals of Financial Management*, 10th Edition, South-Western, Thomson
4. **Moffett M.H., Stonehill A.I. and Eitemen D.K. (2006)**, *Essentials of Global Finance*, 2nd Edition, Pearson-Addison Wesley
5. **Besley S. and Brigham E.F. (2005)**, *Essentials of Managerial Finance*, 13th Edition, South-Western, Thomson
6. Securities Industry Development Centre (2002), *The Malaysian Capital Market: Examination Study Guide*, Module 12, Investment Management and Corporate Finance, Securities Commission, Malaysia.

FURTHER READING

1. **Ross, S.A., Westerfield, R, and Jordan, B.D. (2005)**, *Essentials of Corporate Finance*, 5th Edition, McGraw-Hill
2. **Arnold, G. (2005)**, *Corporate Financial Management*, 3th Edition, Prentice Hall, Pearson Education
3. Business Times, Malaysia
4. Wall Street Journal
5. Financial Times
6. Economists
7. Articles from Journals
 - The International Journal of Finance & Banking, Malaysia
 - Banker's Journal Malaysia
 - Financial Management
 - Journal of Finance
 - Journal of Financial Economics
 - Journal of Financial and Quantitative Analysis
 - Journal of Financial Research
 - Journal of Business
 - Review of Financial Studies
8. Websites
 - www.btimes.com.my
 - www.ssrn.com
 - www.nber.org
 - www.yahoofinance.com