

SYLLABUS

(Attached to the Circular No. 03/2017/TT-LDTBXH dated March 1st, 2017 of the Ministry of Labor, War invalids and Social Affairs)

Module title: FINANCIAL MANAGEMENT 1

Module code: MĐ21

Execution time: 60 hours (Theory: 30 hours; Practice, experiment, discussion, assignments: 25 hours; Assessment: 5 hours)

I. MODULE LOCATION AND PROPERTIES

- **Module location:** The 1st Financial Management module is a compulsory module used in curriculum for the Bachelor of Business Administration in high quality teaching and learning programs in Vietnamese and English.

- **Properties of module:** This module introduces students to the theoretical and practical knowledge required to make financial policy decisions on financing the organisation. The main topics covered in this module are: financial management theory; capital and sources of financing; management of working capital; fixed assets and leverage.

II. LEARNING OBJECTIVES

On completion of the module, students should be able to:

KNOWLEDGE:

- Describe and illustrate financial management theory: the role of the financial decision-maker, corporate objectives, the interrelationship between financial decisions;

- Distinguish the categories of financial sources; list and illustrate the main source of short-term and long-term finance for a company;

- Present the need for working capital policies concerning the level of investment in current assets; Interpret the cash conversion cycle and explain its significance to working capital management;

- Interpret Break-even point equation method and formula to find the financial break-even;

- Recognize and explain the effects of operating leverage on earnings before interest and taxes and the effects of financial leverage on return of equity or earnings per share.

SKILLS:

- Calculate a range of methods for managing stock, cash, debtors and creditors.

- Compute the depreciation value using the straight-line, adjusted reducing balance and based on volume method.

- Explain the significance of and calculate degree of operating, financial and total leverage;

- Calculate company's break-even point in sales units and sales sum; financial break-even point.

CAPACITY AUTONOMY AND RESPONSIBILITY:

- Approach complex problems in a systematic way informed by a range of relevant knowledge in order to analyze and solve practical exercises;

- Act autonomously in planning and implementing tasks; develop efficient self-study methods;

- Contribute in an engaged manner to team-working;

- Comply with ethical and professional standards.

III. MODULE CONTENT

1. General contents

No.	Content	Time Allocation			
		Total	Lectures	Practice, Assignment, Teamwork	Exam
1	Introduction and Module Overview	1	1		
2	Unit 1: Introduction to financial management	8	5	3	
3	Unit 2: Capital and Sources of financing	11	6	4	1
4	Unit 3: Management of working capital	13	6	6	1
5	Unit 4: Fixed Assets	13	6	6	1
6	Unit 5: Leverage	12	6	6	
7	Final exam	2			2
Total		60	30	25	5

2. Detailed contents:

The module is divided into five units. A brief outline of each unit is provided below.

INTRODUCTION AND MODULE OVERVIEW

Total time: 1 hours

Unit 1: INTRODUCTION TO FINANCIAL MANAGEMENT

Total time: 8 hours

1. Learning objectives

After completing this unit, students should be able to

- Present the concept of financial management;
- Discuss the role of the organization's financial managers in realizing the strategic objectives;
- Explain the reasons why shareholder wealth maximization is the primary financial objective of a company, rather than other objectives a company may consider;
- Analyze the interrelationship between investment, financing and dividend decisions;
- Illustrate of the various functions within the finance department of a large company.

2. Content

- 1.1. The concept of financial management
- 1.2. The role of the financial manager
- 1.3. The interrelationship between financial management decisions
- 1.4. Corporate objectives
 - 1.4.1. Maximization of profits
 - 1.4.2. Maximization of sales
 - 1.4.3. Survival
 - 1.4.4. Social responsibility
- 1.5. How is shareholder wealth maximized?
- 1.6. The finance function fits within a company's management structure

3. **Practice:** Self-test questions, Multiple choice questions, questions for review, questions for discussion, problem-solving situations.

Unit 2: CAPITAL AND SOURCES OF FINANCING

Total time: 11 hours

1. Learning objectives

After completing this unit, students should be able to

- Distinguish between capital and sources of financing;
- Distinguish between fixed capital and working capital;
- Describe the categories of financial sources;
- List and illustrate the main source of short-term and long-term finance for a company.

2. Content

- 2.1. Categories of capital
 - 2.1.1. Fixed capital
 - 2.1.2. Working capital
- 2.2. Categories of financial sources
 - 2.2.1. Based on the Period
 - 2.2.2. Based on Ownership
 - 2.2.3. Based on Sources of Generation
- 2.3. Sources of financing
 - 2.3.1. Short-term finance
 - 2.3.2. Long-term finance

3. **Practice:** Self-test questions, multiple choice questions, questions for review, questions for discussion.

Unit 3: MANAGEMENT OF WORKING CAPITAL

Total time: 13 hours

1. Learning objectives

After completing this unit, students should be able to

- Explain the objectives of working capital management;
- Present the need for working capital policies concerning the level of investment in current assets;
- Interpret the cash conversion cycle and explain its significance to working capital management;
- Describe and calculate a range of methods for managing stock, cash, debtors and creditors.

2. Content

- 3.1. The objectives of working capital management
- 3.2. Working capital policies
 - 3.2.1. The level of working capital
 - 3.2.2. Financing working capital
- 3.3. Working capital and the cash conversion cycle
 - 3.3.1. The cash conversion cycle and working capital needs
 - 3.3.2. Overtrading
- 3.4. The management of stock
- 3.5. The management of cash
- 3.6. The management of debtors

3. **Practice:** practical exercises or problems, group exercise.
4. **Exam #1:** Using the EOQ model, calculate and analyze the cash conversion cycle, calculate optimum cash levels, evaluating a change in debtor policy.

Unit 4: FIXED ASSETS

Total time: 13 hours

1. Learning objectives

After completing this unit, students should be able to

- Recognize and correctly measure the purchase of fixed assets and intangible assets;
- Calculate the depreciation value using the straight-line, adjusted reducing balance and based on volume method.

2. Content

4.1. Introduction to Fixed Asset

4.1.1. What Is a Fixed Asset?

4.1.2. Tangible and Intangible Assets

4.1.3. Initial Recognition Cost

4.2. Depreciation

4.2.1. What Is Depreciation?

4.2.2. Purchase of Fixed Assets

4.2.3. Depreciation Methods

3. **Practice:** questions for review, questions for discussion, practical application and problems, individual exercise.

4. **Exam #2:** Calculate the depreciation value using the straight-line, adjusted reducing balance and based on volume method.

Unit 5: LEVERAGE

Total time: 12 hours

1. Learning objectives

After studying this unit, you should be able to:

- List and discuss different types of leverage;
- Explain and calculate degree of operating, financial and total leverage;
- Interpret break-even point equation method and formula to find the financial break-even
- Calculate company's break-even point in sales units and sales sum; financial break-even point.

2. Content

5.1. Introduction to leverage

5.2. Operating leverage

5.2.1. Degree of Operating Leverage

5.2.2. Uses of Operating Leverage

5.2.3. Break Even Analysis

5.3. Financial leverage

5.3.1. Degree of Financial Leverage

5.3.2. Alternative Definition of Financial Leverage

5.3.3. Uses of Financial Leverage

5.3.4. Financial Break-even Point

5.4. Degree of Total Leverage

3. **Practice:** Questions for review, questions for discussion, individual and group exercise.
4. **Exam#3:** Calculate degree of operating, financial and total leverage; Calculate company's break-even point in sales units and sales sum; financial break-even point.

Final Examination:

Total time: 2 hours

IV. CONDITIONS FOR IMPLEMENTING OF THE MODULE

1. Classroom: The theoretical classroom have a capacity of 40 students.
2. Teaching equipment: computers, projectors.
3. Study materials: tables, diagrams, graphs, assignments, Calculator with financial functions.
4. Other conditions: clean, cool, well-lit, ventilated study room.

V. CONTENTS AND ASSESSMENT METHODS

1. Assessment objectives:

- Exam #1: Calculate a range of methods for managing stock, cash, debtors and creditors.
- Exam #2: Compute the depreciation value using the straight-line, adjusted reducing balance and based on volume method.
- Exam #3: Calculate degree of operating, financial and total leverage; Calculate company's break-even point in sales units and sales sum; financial break-even point.
- Final exam: Using the EOQ model, calculate and analyze the cash conversion cycle, calculate optimum cash levels, evaluating a change in debtor policy; compute the depreciation value using depreciation methods; Explain the significance of and measure degree of operating, financial and total leverage; Calculate company's break-even point in sales units and sales sum; financial break-even point.

2. Assessment methods

❖ **Weighting of assessment objectives:** Your final grade is calculated based on:

Types of assessment	Weighting
1. Formative assessment, in which:	40%
- Class exercises (individual)	
- Exam #1, 2, 3	
- Class participation	
2. Final exam	60%
Total	100%

❖ **Grading Details:**

Class exercises

- Students must do all of the required readings and exercises before each class session and participate in class discussions about the readings, the issues, and exercises that are raised.

Exam # 1, 2, 3

- All exams are closed book, closed notes. All exams will use the practical exercises format. Calculators are allowed and recommended, but E-devices (mobile phone, laptops iPads, other texting devices, etc.) are not allowed. Students must take the exam in the lecture section.

- If you are not able to take the exams on the dates and times specified in the detailed schedule without prior permission, you will not to take re-examination.

Class participation

- Please arrive to class on time and prepared.
- Regular attendance and active and consistent participation in the class sessions with insightful questions and comments.
- Students are responsible for all assigned readings and lecture materials.

Final exam

- Form: Written exam
- Assessment: 10-point grading scale
- Length: 90 minutes
- Exam aid: closed book, but permitted calculator.
- Content: The exam is composed of 3-4 practical exercises contained key points: the EOQ model, the cash conversion cycle, optimum cash levels, evaluating a change in debtor policy; the depreciation value using depreciation methods; degree of operating, financial and total leverage; break-even point in sales units and sales sum; financial break-even point.

VI. IMPLEMENTATION GUIDANCE FOR THE MODULE

1. **Scope of application:** The module is used in Curriculum for the Bachelor of Business Administration in high quality teaching and learning programs in Vietnamese and English. The total duration of the module is 60 hours.

2. Learning activities and teachings methods

- For lecturers:
 - + Organise learning and teaching with clarity, efficiency, and fairness.
 - + The course will use a variety of conventional teaching methods including lecture, practical exercises, interactive instruction and homework assignments.
 - + Lecturers assist students in understanding difficult concepts, answer questions on materials, answer to selected problems, mark homework and class assignments and exams, but class sessions are only effective if students regularly attend class and actively engage in the process or thinking critically about the course content.
 - + Knowledge will be acquired and then applied so that students learn to appreciate that theory delivered and taught in the classroom setting can be applied in the realistic setting. Practical examples will be emphasised and students' own experience will be draw upon where appropriate.
- For students:
 - + Review all the learning objectives thoroughly.
 - + Seeking assistance or "hints" from the instructor.
 - + Review and complete the revision and self-assessment questions for each lesson.
 - + Classroom attendance requirement is provided in the existing participation policy (>70% in the module total hours)
 - + The coursework element of each unit will be completed by the student either singlely or as part of group. Coursework helps to develop a much deeper understanding of the subject.
 - + Applying theories to practical situations and exercises, give an opinion and collaboration with other students for answers.

- + Students must take all exams, and should participate in the classroom discussion actively.
 - + Your progress and learning outcomes is measured by lecturer-marked assignments and examinations. Assignments and examinations will demonstrate the level of your understanding of financial management principles and relevant theories and your application skill to problem-solving situations.
- 3. Key points:** Financial management objectives, the role of financial managers, sources of finance; the EOQ model, the cash conversion cycle, optimum cash levels, evaluating a change in debtor policy; the depreciation value using depreciation methods; degree of operating, financial and total leverage; break-even point in sales units and sales sum; financial break-even point.
- 4. Reading materials/ References**
- 4.1. Main Textbook(s)
- ❶ Denzil Watson and Antony Head, (2007). Corporate Finance - Principles & Practice. 4th edition published. Harlow: FT Prentice Hall.
 - ❷ Ho Thi Phuong Quynh, (2020-21). Corporate Financial Management. Lecture Notes.
 - ❸ Ho Thi Phuong Quynh, (2020). Bussiness Finance in Vietnamese. Lecture material.
- 4.2. Supplementary book(s):
- ❹ Stephen A. Ross, Randolph W. Westerfield and Jeffrey Jaffe (RWJ), (2013). Corporate Finance. 10th edition. McGraw-Hill.
 - ❺ C. Paramasivan and T. Subramanian, (2007). Financial Management. New Age International (P) Limited, Publisher.
 - ❻ Tran Ngoc Tho, (2007). Moden Financial Management in Vietnamese. Thong Ke Publisher.
- 4.3. Other resources (if any)
- ❼ Important and informative papers and articles recommended for further reading include: Journal of Accounting Research, Journal of Finance, Journal of Financial Economics
 - ❽ Websites: <https://www.hsx.vn/>, <https://vietstock.vn/>, <https://cafef.vn/>, <https://fulbright.edu.vn/>
- 5. Notes:** No

HEAD OF DEPARTMENT

LECTURER

Ho Thi Phuong Quynh