

ACCAspace

Provided by
ACCA Research Institute

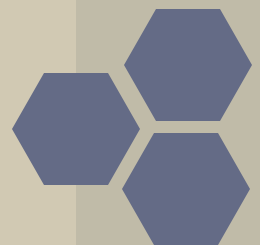


ACCA F9

Financial Management

财务管理

ACCA Lecturer: Sinny Shao





Part B financial management environment

1

The economic environment for business

2

Financial markets, money markets and institutions

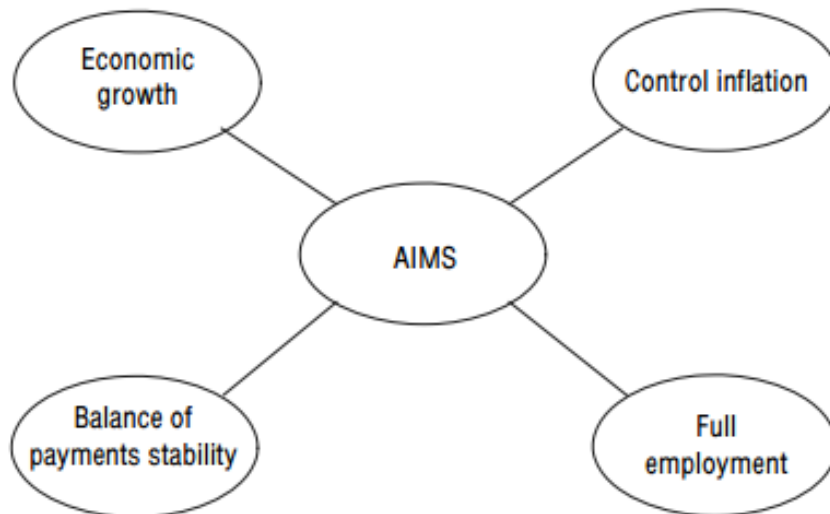




The economic environment for business

1. microeconomics, macroeconomics 不同点

2. Economic policies and objectives ——macroeconomics





Policies

- 1 fiscal policy
- 2 monetary policy
- 3 exchange rate policy
- 4 external trade policy





Policy——fiscal policy

Fiscal policy——action by the government to spend money

government
transfer

the transfer payment for government will affect the consumption so that it will influence the business

taxes

tax will influence both consumption and supply as the company and labours have income tax and sale of goods will have value added tax, etc.

government
investment

investments will directly affect the supply.





Policy——monetary policy

Monetary policy is the regulation of the economy through control of the monetary system by operating on such variables as the money supply, the level of interest rates and the conditions for availability of credit.

Targets:

- **Growth in the size of the money supply**
- **The level of interest rates**
- **The volume of credit, or growth in the volume of credit**
- **The volume of expenditure in the economy**





Policy——exchange rate policy

1. 直接标价法与间接标价法
2. Factors influencing the exchange rate——FX risk, part of the risk management
3. Exchange rate policy——固定汇率制与浮动汇率制，利与弊





Policy—others

Competition policy—business acquisition, merger

Green policies—environment protection

Corporate governance regulation

Government assistance for business





1. Financial intermediaries

A financial intermediary is an institution bringing together providers and users of finance, either as broker or as principal.

2. Financial markets

Financial markets are the markets where individuals and organisations with surplus funds lend funds to other individuals and organisations that want to borrow.

The financial markets, the institutions participating in these markets and the instruments traded in the markets are collectively referred to as the *financial system*.





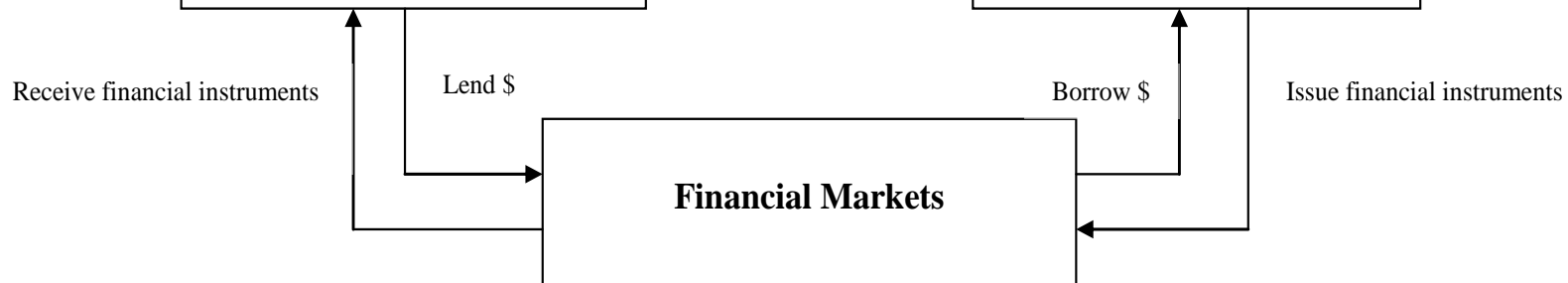
The role of financial intermediary

Lenders: Have surplus funds and lend these funds to others via the financial markets. Examples include:

- Individuals (*Foreign and Domestic*);
- Companies (*Foreign and Domestic*); and,
- Governments (*Foreign and Domestic*)

Borrowers: Have deficit funds and obtain funding from lenders via the financial markets. Examples include:

- Individuals (*Foreign and Domestic*);
- Companies (*Foreign and Domestic*); and,
- Governments (*Foreign and Domestic*)





Type of financial markets

1. money market
 2. capital market
 3. Derivatives Markets
 4. foreign exchange market
 5. primary market and secondary market
 6. international money market and capital market
- Eurocurrency markets:
currency which is held by individuals and institutions outside
the country of issue of that currency international bond
market——Eurobond





Interest rates

Interest rates on financial assets are influenced by the risk of the assets, the duration of the lending, and their maturity.

1. risk
2. duration of lending
3. size of the loan
4. types of financial assets

fixed interest or floating interest

LIBOR——London Inter-Bank Offered Rate





Money market instrument

Money market deposits——short term deposit

Certificates of deposit

Repos

Treasury bills

Commercial paper

Banker's acceptance





Thank You!

