

ACCA Financial Management (FM) ECR Study Guidance

Your ACCA Enhanced Classroom product – useful information

Welcome to your ACCA ECR programme which is provided in partnership with BPP Professional Education. Below is an overview about the Enhanced Classroom element of your learning programme, plus some guidance for you to follow when studying.

Key features of the BPP Enhanced Classroom product

- **Recorded lectures**

Your learning content is broken into syllabus topics. The recorded lectures, which can be viewed at any time, help you to understand and apply the syllabus content by either explaining a concept, showing you a worked example, or providing you with an opportunity to apply the concept yourself. The lectures follow the BPP Course Notes.

- **Assessment activities**

The online assessments and further question practice activities will help you identify your strengths and weaknesses on specific areas, demonstrate learning of the core syllabus knowledge and provide you with lots of opportunity to practice and include real life examples. You can attempt some of the assessments as many times as you wish, and feedback is provided on each answer you provide.

- **Updates & Announcements forum**

In the Forums area you will see Updates & Announcements – this provides information such as when the Hub will be unavailable, and for how long, due to scheduled maintenance. We recommend that you check this forum on a regular basis.

How to log in to the BPP Hub.

You will receive a 'trigger' email to activate your account from 'hubwelcome@BPP.com' (note you may find this in your email 'junk' folder). All subsequent courses will be accessed via the same online account, so we recommend you take careful note of your login details. Once you have triggered your account, follow the below steps:

- 1) Go to <https://bpp.com/account>.
- 2) Log in with your User name and Password.
- 3) Navigate to Step 1 where you will find an introductory recording about your paper, and some FAQs about the Hub.

If you ever forget your Password, you can generate a new one by clicking the 'Forgotten password?' link and by typing in your email address. You will be sent an email to reset your password.

If you have received your login details and are experiencing any technical difficulties logging in, please contact BPP's 24/7 IT helpdesk via bpptac@bpp.com.

We hope you enjoy your ACCA studies, and wish you luck in your exam.

Getting started

If you are new to studying online, before you begin you may find it useful to access the 'ECR product demonstration' video in the 'Making the most of your BPP Digital resources' section in the Hub:

Guidance

Studying for FM

We have structured this guidance so that you have a good idea of how much work you should be doing in preparation for each Step assessment. However, we recognise that everyone studies at different speeds, so you will need to ensure that any targets you set yourself are realistic.

How to study via ECR

Your aim is to work through your BPP Workbook along with the recorded lectures and online assessments in the Enhanced Classroom online content. The Workbook you have been provided with should be annotated as you work through the material, and the lecture examples should be completed.

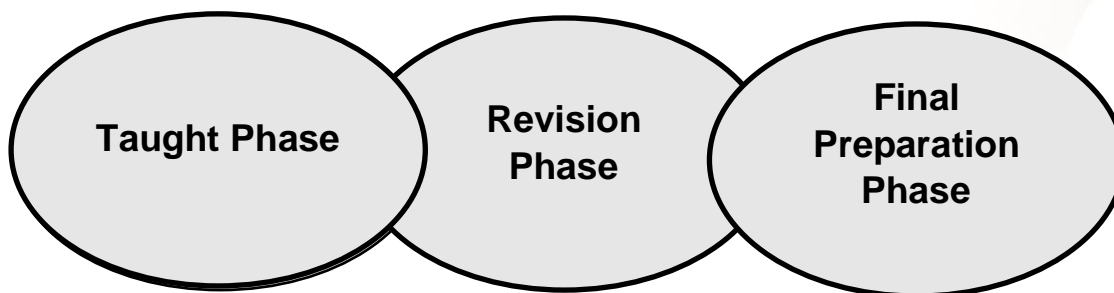
In order to work through the Workbook, we recommend you can use the following method:

- Listen to the recorded lectures in full and annotate the Workbook as you go;
- For lecture examples, have a go at them and if you find them easy, just use the answer at the back of the Workbook to check your understanding. If you have struggled with the lecture example, then use the recorded lectures to go through the theory and the answers in more detail.

The guidance below will give you some pointers as to which areas to prioritise. Try to cover the topics and activities in the guidance in the order shown. Before you start the next day of study, attempt any homework and recap any areas you have struggled with.

Errata

As we become aware of errata in the material, the errata sheet will be updated. You can access this under the 'Syllabus Updates & errata' section, under 'Your course materials' on the Hub.



Taught Phase

The emphasis of this first stage is studying the syllabus and gaining the knowledge required to attempt exam questions. During this stage you will work through each chapter of the Financial Management Workbook and steps 1-6 of the Achievement Ladder.

Revision Phase

During this stage the emphasis is on practising exam-standard questions to learn how to apply your knowledge and develop your exam technique.

Final Preparation Phase

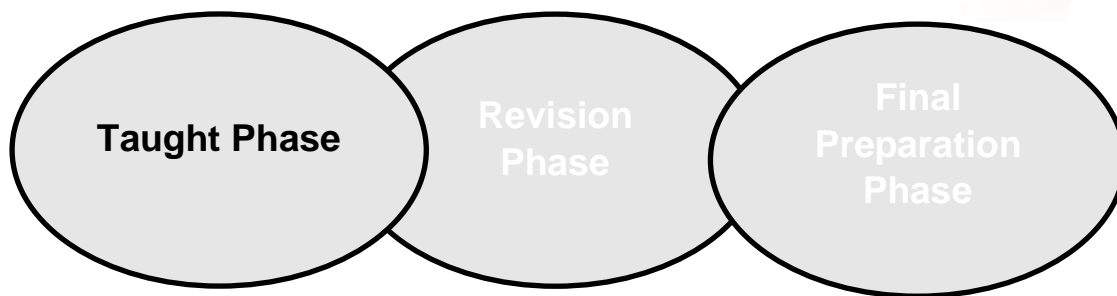
The aim here is to bring all of your skills and knowledge together in a final self-marked mock exam: Step 8 of the Achievement Ladder.

The Hub contains all the information, documents and videos for your course. The different phases of your course are clearly identified in different steps so you can easily find them.

Before you begin the Taught Phase, please take some time looking at the information provided in the **Introduction** section, in particular:

- Watch the Introduction to Financial Management and How to study and pass video.
- Review the ACCA Support Resources and the ACCA Practice Experience Requirement (PER) Support

Taught Phase



This guidance will take you through the Taught Phase of your course. The emphasis of the Taught Phase is on gaining the knowledge and beginning to develop the skills in order to attempt exam questions.

During this Phase you will work through the FM Workbook, using the online lectures to guide you. You will also work through Steps 1-6 of the Achievement Ladder.

The Taught Phase is divided into 6 Achievement Ladder Steps, when you have covered all the chapters in that step, you should attempt the relevant Achievement Ladder Step.

Step 1

This guidance gives a total of approximately **8 hours of study*** for step 1 of the course.

**The timings given are approximate and include time to stop and review online lectures and to check your answers for any question practice. You may find that some study sessions take you more or less time than given here. Remember there is no such thing as a 'typical' student so these approximations are for guidance only.*

Chapter 1 – The financial management function	Approx. 3 hours
<p>Key areas</p> <ul style="list-style-type: none">• The purpose of financial management• Framework for maximising shareholder wealth <p>It is important to have a very clear grasp of the key aim of financial management and the framework for financial management decisions that are needed in order to achieve the key objectives of an organisation (normally shareholder wealth maximisation).</p> <p>The financial ratios use to monitor performance are also important. Make sure that you understand the types of profitability, debt, liquidity and shareholder investor ratios (especially total shareholder return) and how they are calculated – remember, you will <u>not</u> be given the definition of these ratios in the real exam.</p>	
<p>Online lecture</p> <p>Work through the online lecture and the relevant sections of the Workbook.</p>	2 hours
<p>Further study guidance</p> <p>Attempt further 'essential reading' as specified within the chapter, and any recommended ACCA articles (if any) as specified at the end of the chapter in the further study guidance section.</p> <p>If you have time attempt the question practice suggested here (available in the further question practice bank in the digital edition of the workbook) but these questions are not as important as the practice and apply questions recommended at the end of this Step.</p>	1 hour

Chapter 2– The financial management environment	Approx. 3 hours
<p>Key areas</p> <ul style="list-style-type: none"> • Types of economic policies • Financial intermediaries • Financial markets (money markets and capital markets) <p>It is important NOT to overcomplicate the section of the chapter that deals with the economic environment, this is only likely to be examined in the OTQ sections of the exam and will not require any depth of knowledge.</p> <p>The section on the financial environment is more important because, even though it is also only likely to be tested in the OTQ sections of the exam, it helps to underpin Section E of the syllabus which covers Business Finance (covered in chapters 9-12) which is an important syllabus area. Focus on the roles of financial intermediaries like banks and the interest bearing and discount instruments that are traded on the money markets and also the assets traded on the capital markets.</p>	
<p>Online lecture</p> <p>Work through the online lecture and the relevant sections of the Workbook.</p> <p>Further study guidance</p> <p>Attempt further 'essential reading' as specified within the chapter, and any recommended ACCA articles (if any) as specified at the end of the chapter in the further study guidance section.</p> <p>If you have time attempt the question practice suggested here (available in the further question practice bank in the digital edition of the workbook) but these questions are not as important as the practice and apply questions recommended at the end of this Step.</p>	<p>2 hours</p> <p>1 hour</p>
Achievement Ladder Step 1	Approx. 1 hour
<p>Now you are ready to take your first step towards exam success!</p> <p>Achievement Ladder Step 1 is an opportunity to consolidate your knowledge and see how far you have come. You are then able to concentrate on any weaknesses before moving onto the next part of your studies.</p> <p>This Step online test, based on topics covered so far, is auto-marked. Make sure you work through the feedback very carefully, covering the questions you answered correctly as well as those you didn't. You will both reinforce and extend your understanding of the syllabus content if you do this.</p> <p>Estimated timings: attempting Step 1: 30 minutes, reviewing feedback carefully: 30 minutes</p>	

Step 2

This guidance gives a total of approximately **10 hours of study**.

Chapter 3 – Working capital investment	Approx. 4 hours
<p>Key areas</p> <ul style="list-style-type: none">• The objectives of working capital management and how they may potentially conflict with each other• Calculation of the operating cycle.• The problem of overtrading and how it can be identified and managed.• EOQ and JIT approaches to inventory management.• Stages in effectively managing receivables. <p>This is an important chapter and will often form the basis for a whole question in Section B or C of the exam.</p> <p>Make sure that as well as being able to calculate the costs and benefits of working capital policies, you can also identify the advantages and disadvantages of the techniques that are introduced here. Remember that about half of the marks in the exam will be for discussion.</p>	
<p>Online lecture</p> <p>Work through the online lecture and the relevant sections of the Workbook.</p>	3 hours
<p>Further study guidance</p> <p>Attempt further 'essential reading' as specified within the chapter, and any recommended ACCA articles (if any) as specified at the end of the chapter in the further study guidance section.</p> <p>If you have time attempt the question practice suggested here but these questions are not as important as the practice and apply questions recommended at the end of this Step.</p>	1 hour

Chapter 4 – Cash management and working capital financing	Approx. 3 hours
<p>Key areas</p> <ul style="list-style-type: none"> • Cash flow management. • Strategies for working capital management • Treasury management. <p>This is also an important chapter, and is often neglected by students (especially the section on working capital finance). This chapter is regularly tested in section C exam questions (especially as a discussion question).</p>	
<p>Online lecture</p> <p>Work through the online lecture and the relevant sections of the Workbook.</p> <p>Further study guidance</p> <p>Attempt further 'essential reading' as specified within the chapter, and any recommended ACCA articles (if any) as specified at the end of the chapter in the further study guidance section.</p> <p>If you have time attempt the question practice suggested here but these questions are not as important as the practice and apply questions recommended at the end of this Step.</p>	<p>2 hours</p> <p>1 hour</p>

Skills Checkpoint 1 – Approach to OT questions (OTQs)	Approx. 1 hour
<p>Watch the online lecture which takes you through the recommended approach to OTQs, remember that 50% of this exam uses OTQs so this is important.</p>	

Achievement Ladder Step 2	Approx. 1 hour
<p>Now you have covered Taught Phase – Part 2, you are ready to take your next step towards exam success.</p> <p>Achievement Ladder Step 2 comprises two mini case study section B questions.</p> <p>This Step online test, based on topics covered so far, and is auto marked. Make sure you work through the feedback very carefully, covering the questions you answered correctly as well as those you didn't. You will both reinforce and extend your understanding of the syllabus content if you do this. Your</p> <p>Estimated timings: attempting Step 2: 30 minutes, reviewing feedback carefully: 30 minutes</p>	

Step 3

This guidance gives a total of approximately **17 hours of study**.

Chapter 5 – Investment decision	Approx. 4 hours
<p>Key areas</p> <ul style="list-style-type: none">• Payback, ROCE• IRR, NPV. <p>This is an important chapter because it sets out the key principles of investment appraisal which is the focus of Section D of the syllabus and will often form the basis for a whole question in Section B or C of the exam.</p>	
<p>Online lecture</p> <p>Work through the online lecture and the relevant sections of the Workbook.</p>	3 hours
<p>Further study guidance</p> <p>Attempt further 'essential reading' as specified within the chapter, and any recommended ACCA articles (if any) as specified at the end of the chapter in the further study guidance section. If you have time attempt the question practice suggested here but these questions are not as important as the practice and apply questions recommended at the end of this Step.</p>	1 hour

Chapter 6 – Allowing for tax, working capital and inflation	Approx. 3 hours
<p>Key areas</p> <ul style="list-style-type: none">• Different approaches to modelling inflation• Relevant cashflows relating to working capital and tax. <p>This extends the topics introduced in the previous chapter and shows some of the complexities commonly tested in one of the Section C 20 marks questions in the real exam.</p>	
<p>Online lecture</p> <p>Work through the online lecture and the relevant sections of the Workbook.</p>	2 hours
<p>Further study guidance</p> <p>Attempt further 'essential reading' as specified within the chapter, and any recommended ACCA articles (if any) as specified at the end of the chapter in the further study guidance section. If you have time attempt the question practice suggested here but these questions are not as important as the practice and apply questions recommended at the end of this Step.</p>	1 hour

Chapter 7 – Project appraisal and risk	Approx. 3 hours
<p>Key areas</p> <ul style="list-style-type: none"> • Difference between risk and uncertainty • Sensitivity analysis. • Probability analysis. <p>This chapter again extends the topics introduced in earlier chapters and shows some of the complexities commonly tested in one of the Section C 20 marks questions in the real exam. This is another important chapter and will often form the basis for a whole question in Section C of the exam. Remember that about half of the marks in the exam will be for discussion.</p>	
<p>Online lecture</p> <p>Work through the online lecture and the relevant sections of the Workbook.</p> <p>Further study guidance</p> <p>Attempt further 'essential reading' as specified within the chapter, and any recommended ACCA articles. If you have time attempt the question practice suggested here but these questions are not as important as the practice and apply questions recommended at the end of this Step.</p>	<p>2 hours</p> <p>1 hour</p>

Chapter 8 – Specific Investment decisions	Approx. 3 hours
<p>Key areas</p> <ul style="list-style-type: none"> • Equivalent annual cost. • Leasing. • Capital rationing. <p>This is an important chapter that shows a variety of applications of NPV beyond the standard problem of evaluating a single investment; it will often form the basis for a whole question in Section B or C of the exam.</p> <p>Make sure that as well as being able handle the key calculations, you can also identify the advantages and disadvantages of the techniques that are introduced here because you need to keep reminding yourself that about half of the marks in the exam will be for discussion.</p>	
<p>Online lecture</p> <p>Work through the online lecture and the relevant sections of the Workbook.</p> <p>Further study guidance</p> <p>Attempt further 'essential reading' as specified within the chapter, and any recommended ACCA articles. If you have time attempt the question practice suggested here but these questions are not as important as the practice and apply questions recommended at the end of this Step.</p>	<p>2 hours</p> <p>1 hour</p>

Skills Checkpoint 2 – Technique for investment appraisal questions	Approx. 0.5 hour
<p>Watch the online lecture which takes you through this skill - especially important as one of the 20 marks questions in the exam is commonly on this area of the syllabus. This also looks at the use of spreadsheets in the exam.</p>	

Achievement Ladder Step 3	Approx. 2 hours
<p>Now you have covered Taught Phase – Part 3, you are ready to take your next step towards exam success.</p> <p>Your Achievement Ladder Step 3 is a 40-mark Practice Test. This Step is auto marked. Make sure you work through the feedback very carefully, covering the questions you answered correctly as well as those you didn't. You will both reinforce and extend your understanding of the syllabus content if you do this.</p> <p>Estimated timings: attempting Step 3: 70 mins, reviewing feedback 50 mins.</p>	

Step 4

This guidance gives a total of approximately **18 hours of study**.

Chapter 9 – Sources of finance	Approx. 3 hours
<p>Key areas</p> <ul style="list-style-type: none">• Features of loan notes.• Rights issues.• Islamic finance. <p>You have just moved on from the investment appraisal topics. There you saw how a financial manager decides how to use his organisation's money. In this topic you will begin to appreciate the possible sources of that money and how the decision to use those funds can impact on the other decisions.</p> <p>This chapter introduces Section E of the syllabus, Business Finance (chapters 10-12 also cover this area). This syllabus section is very likely to appear as one of the section C 20 mark questions. This syllabus section is more diverse than the other syllabus area and requires careful study.</p>	
<p>Online lecture</p> <p>Work through the online lecture and the relevant sections of the Workbook.</p> <p>Further study guidance</p> <p>Attempt further 'essential reading' as specified within the chapter, and any recommended ACCA articles. If you have time attempt the question practice suggested here but these questions are not as important as the practice and apply questions recommended at the end of this Step.</p>	2 hours 1 hour
Chapter 10 – Dividend policy	Approx. 2 hours
<p>Key areas</p> <ul style="list-style-type: none">• Alternative dividend policies.• Dividend irrelevancy theory.• Alternatives to cash dividends. <p>Dividend policy is a key decision in financial management (as we saw in chapter 1) and therefore merits a (short) chapter in its own right. It has featured in past exams as an important discussion element of a section C exam question.</p>	
<p>Online lecture</p> <p>Work through the online lecture and the relevant sections of the Workbook.</p> <p>Further study guidance</p> <p>Attempt further 'essential reading' as specified within the chapter, and any recommended ACCA articles. If you have time attempt the question practice suggested here but these questions are not as important as the practice and apply questions recommended at the end of this Step.</p>	1 hour 1 hour

Chapter 11 – Cost of capital	Approx. 4 hours
<p>Key areas</p> <ul style="list-style-type: none"> • Risk-return relationship. • Cost of equity and cost of debt. • Weighted average cost of capital. <p>This is an especially important chapter that regularly appears in your FM exam for a fairly significant number of marks (often in Section C of the exam). This is about quantifying the return an organisation needs from a project in order to make it worthwhile.</p> <p>The cost of capital is always expressed as an annual percentage return and is the average return required by those stakeholders who have provided the organisation's long-term capital.</p>	
<p>Online lecture</p> <p>Work through the online lecture and the relevant sections of the Workbook.</p> <p>Further study guidance</p> <p>Attempt further 'essential reading' as specified within the chapter, and any recommended ACCA articles. If you have time attempt the question practice suggested here but these questions are not as important as the practice and apply questions recommended at the end of this Step.</p>	<p>3 hours</p> <p>1 hour</p>

Step 5

This guidance gives a total of approximately **18 hours of study**.

Chapter 12 – Capital structure	Approx. 4 hours
<p>Key areas</p> <ul style="list-style-type: none">• Practical advantages of debt and equity• Gearing and interest cover.• Capital structure theories.• Marginal cost of capital.• Financing issues for SMEs. <p>Although there are some tricky numerical calculations in this chapter (especially un gearing and re gearing beta factors), the key is really to be able to understand the concepts in this chapter - because most exam questions on this area focus as much or more on the discussion areas as they do on the numerical content.</p>	
<p>Online lecture</p> <p>Work through the online lecture and the relevant sections of the Workbook.</p>	3 hours
<p>Further study guidance</p> <p>Complete further 'essential reading' specified within the chapter, and any recommended ACCA articles. If time attempt the question practice suggested but prioritise the practice & apply questions recommended at the end of this Step.</p>	1 hour
Skills Checkpoint 3 – Handling complex calculations	Approx. 0.5 hours
<p>Watch the online lecture which takes you through this skill - especially important as one of the 20 marks questions in the exam is commonly on this area of the syllabus. This also looks at the use of spreadsheets in the exam.</p>	
Chapter 13 – Business valuations	Approx. 3.5 hours
<p>Key areas</p> <ul style="list-style-type: none">• Asset -based, income-based and cash-based business valuations• Valuing other assets. <p>The chapters from here-on will not be the main focus of a Section C exam question.</p> <p>This chapter is often examined as a Section B mini case-study question; where this happens more of the marks are normally available for discussion than for calculations. So do not rush through the discussion areas of the chapter.</p>	
<p>Online lecture</p> <p>Work through the online lecture and the relevant sections of the Workbook.</p>	2.5 hours
<p>Further study guidance</p> <p>Attempt further 'essential reading' as specified within the chapter, and any recommended ACCA articles.</p>	1 hour

Skills Checkpoint 4 – Effective discussion of key financial topics	Approx. 1 hour
Watch the online lecture which takes you through this skill - especially important in section C of the exam as half of the marks (approximately) will be for discussion and this is an area that students often struggle with.	

Chapter 14 – Foreign currency risk	Approx. 4.5 hours
<p>Key areas</p> <ul style="list-style-type: none"> • Types of risk • Reasons for exchange rate movements • Forward rates • Money market hedging • Derivatives. <p>As with the previous chapter, this chapter will not be the main focus of a Section C exam question but is often examined as a Section B mini case-study question. As with the previous chapter, it is normally true that more of the marks in a Section B question on this area are available for discussion than for calculations. So do not rush through the discussion areas of the chapter.</p>	
<p>Online lecture</p> <p>Work through the online lecture and the relevant sections of the Workbook.</p>	3.5 hours
<p>Further study guidance</p> <p>Attempt further 'essential reading' as specified within the chapter, and any recommended ACCA articles. If you have time attempt the question practice suggested here but these questions are not as important as the practice and apply questions recommended at the end of this Step.</p>	1 hour
Skills Checkpoint 5 – How to approach your FM exam	Approx. 1 hour
This will get you thinking about your time allocation in the real exam, and offers some useful advice on this.	

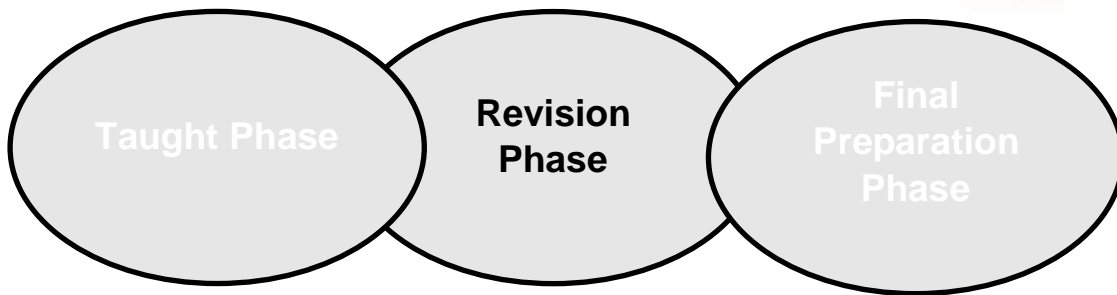
Achievement Ladder Step 5	Approx. 3 hours
<p>Now you have covered Taught Phase – Part 5, you are ready to take your next step towards exam success.</p> <p>Achievement Ladder Step 5 is a 60-mark online test, covering all chapters of the Workbook. This Step is auto marked. Make sure you work through the feedback very carefully, covering the questions you answered correctly as well as those you didn't, in order to both reinforce and extend your understanding of the syllabus.</p> <p>Estimated timings: attempting Step 5:120 minutes, reviewing feedback carefully:1 hour</p>	

Step 6

This guidance gives a total of approximately **3 hours of study**.

Chapter 15 – Interest rate risk	Approx. 3 hours
<p>Key areas</p> <ul style="list-style-type: none">• Types of risk• Reasons for interest rate movements• Forward rates• Derivatives. <p>As with the previous chapter, this chapter will not be the main focus of a Section C exam question but is often examined as a Section B mini case-study question together with Chapter 14. The emphasis on discussion areas is stronger in this chapter as there is less scope to test it numerically.</p>	
<p>Online lecture</p> <p>Work through the online lecture and the relevant sections of the Workbook.</p> <p>Further study guidance</p> <p>Attempt further 'essential reading' as specified within the chapter, and any recommended ACCA articles. If you have time attempt the question practice suggested here but these questions are not as important as the practice and apply questions recommended at the end of this Step.</p>	2 hours 1 hour

Revision Phase



This phase is all about taking the knowledge you gained in the taught phase and applying it to exam-standard questions. The emphasis here is very much on exam technique.

Exam technique

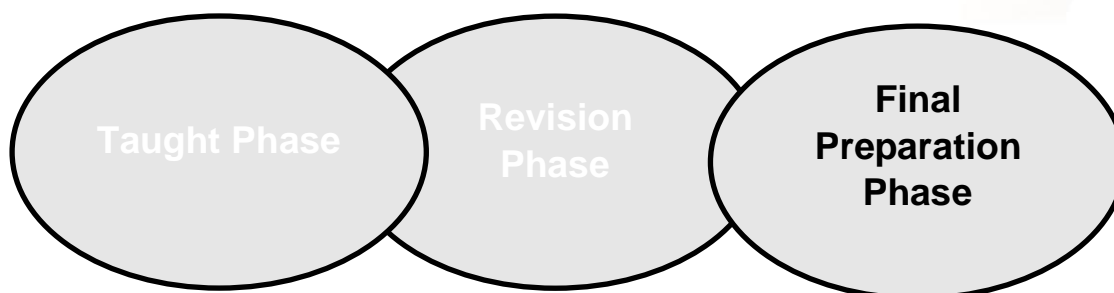
Each Skills Checkpoint in the Workbook covers the Specific FM Skills and Exam Success Skills you need to pass. Working through the Skills Checkpoints using the online lectures for each Checkpoint will help you to develop your exam technique.

Question practice

The most effective way of improving exam technique is through question practice. Before moving on to the Revision Phase, we recommend you start by ensuring you have attempted Steps 1 to 6 of the Achievement Ladder as well as the Practice & Apply questions recommended in each step.

There are also revision summaries which contain a short knowledge summary of each chapter in the Workbook if you want a quick reminder of the key points.

Final Preparation Phase



The aim of the Final Preparation Phase is to bring all of your skills and knowledge together in a final dress rehearsal before the real exam. This will be done by attempting a self-marked mock exam, **Step 8 of the Achievement Ladder**, covering the entire syllabus in three hours.

Achievement Ladder Step 8	Approx. 4.5 hours
<p>Achievement Ladder Step 8 is a 100-mark exam-standard mock exam, covering all topics.</p> <p>You should ensure that you set aside 3 hours, in a quiet space, where you will not be interrupted. Aim to complete the exam in the ACCA software, without using any of your notes, so that it is a real test of how prepared you are.</p> <p>On completion you should self-mark your paper and carry out a self-review of your answers and your exam approach.</p> <p>Estimated timings: attempting Step 8: 3 hours, reviewing feedback carefully: 1.5 hours</p>	

You have now reached the end of the exam practise phase and you are ready to attempt the real exam.

Remember to manage your time and to use all the exam technique you have learned over the last few weeks.

Good luck!