FINANCIAL MANAGEMENT. BY HAN KANG HONG. (2nd Edition), [Singapore: Butterworths. 1990. vi + 437 pp. (including index). Softcover: S$36.00.]

THIS work is the second edition of Professor Han's treatment of financial management from a highly mathematical viewpoint. The chapters cover the finance function, the concepts of value, dividend policy and retained earnings, investment in fixed assets under certainty and unlimited resources, investment in fixed assets under certainty and capital rationing, investment in fixed assets under uncertainty, other investment issues, investment in current assets and working capital management, cost of capital and capital structure, financing problems of a firm, lease disclosure and financing, securities investment analysis, financial forecasting, business combinations, financial analysis and derivative securities. Four appendices cover basic financial mathematics, basic statistics, tables for calculating present values and instructions for the use of computer programs for calculating various items of information for the financial manager.

What is highly unusual in this book is the inclusion of an attached diskette with programs (written in Basic) that release the financial manager from the tedium of having to do his own laborious financial management values. The items that can be calculated include the multiplication of two matrices, the inversion of a square matrix, the calculation of geometric means, the solving of simultaneous linear equations, the calculation of net present values and internal rates of return, expected net present values with joint probability and variances, effective rates of interest for payments by instalments, simple and multiple linear regression, calculation of the co-efficients of variables, linear programming, zero-one programming, calculation the risk adjusted cost of equity, calculation of geometric means and variances of rates of return of securities, calculation of variances and co-variances of rates of return of securities, generation of a portfolio and generation of the Black-Scholes call option price.

The book is up-to-date in that it covers topics like forward contracts, futures contracts, warrants and interest swaps in the chapter on "Derivative Securities". "Forward contracts" are defined and the difference between them and "futures contracts" is stated. The method for calculating the forward rate of any currency is explained. Under the sub-topic of "futures contracts", a short discussion on SIMEX is included. The potential gain from an interest rate swap is also illustrated both digrammatically and numerically. The explanations for all these "derivative securities" are, however, covered too briefly for any real understanding on the part of a lawyer. A useful bibliography is also included at the end of each chapter for the reader who desires to do further research in the area. However, as mentioned earlier, the book approaches financial management from a highly mathematical viewpoint. Formulae provided involve not only simple addition, multiplication, etc, but also require a knowledge of calculus. As the book is not written specifically for lawyers, it will be difficult for them to comprehend it, thorough though it may be.

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