



#### **Reforming Master Programmes in Finance in** Armenia and Moldova/REFINE

An Erasmus+ Capacity Building Project (2017-2020)

Course Package "Financial Management" **Topic: Speaker:** Eugenia Busmachiu, PhD, Associate Professor





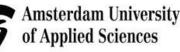
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Université nice Sophia Antipolis













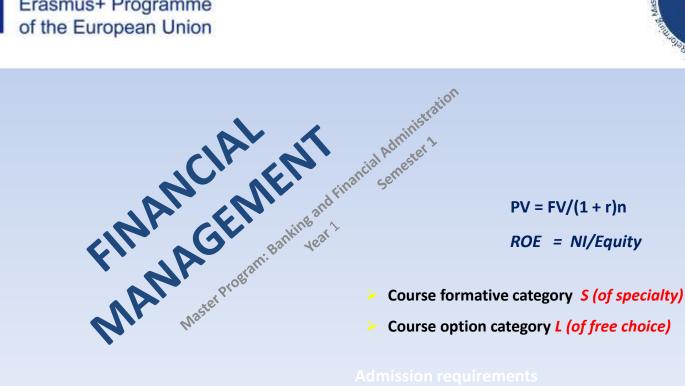
# General information about the course



Title of the course (as specified in the reformed curriculum)	"Financial Management"
Name of the teacher	Eugenia Busmachiu
Novelty of the course (please select as appropriate)	This course is an updated course (updated in the curriculum)
Year of the course in the curriculum	1
Semester of the course in the curriculum	1
Language of instruction of the course	Romanian, English
Number of ECTS credits	5







Compulsory	Microeconomics, Macroeconomics, Finances, Economics, Statistics, Accounting		
Recommended	Economic Mathematics, Public Finance, Taxation		

# Learning outcomes



- 1. Apply the theoretical knowledge and practical skills to solve the problems concerning financial management and business environment
- 2. Apply specific techniques to analyze financial performances of the company and take appropriate decisions
- 3. Assess and evaluate the role of discounted cash flows in valuation
- 4. Appreciate the role of investment projects and uncertainty in the financial management
- 5. Assess the importance of the firm's short and long term financial financing
- 6. Evaluate and develop recommendations regarding a corporate business financial policy and strategy.
- 7. Evaluate importance of risk within the context of financial decision making

#### TOPICS, TIMETABLE AND DISTRIBUTION OF HOURS



Nr		Number of hours	
	Content units	Lecture	Seminars
1.	Financial Management Function	3	1
2.	Financial management environment	2	2
3.	The time value of money	3	1
4.	Investment appraisal and risk valuation	3	1
5.	Valuation of financial performances	3	1
6.	Working capital management	3	1
7.	Dividend policy, capital structure and cost of capital	2	2
8.	8. Long-Term Financing		1
9.	Advanced Risk management techniques		2
10.	Corporate reorganisation, acquisitions and mergers	2	2
Total		26	14

#### SYLLABUS OF THE COURSE



DAY 1;THEME 1. FINANCIAL MANAGEMENT FUNCTION

DAY 2;THEME 2. FINANCIAL MANAGEMENT ENVIRONMENT

DAY 3;THEME 3. TIME VALUE OF MONEY

DAY 4; THEME 4. ADVANCED INVESTMENT APPRAISAL

DAY 5; THEME 5. VALUATION OF FINANCIAL PERFORMANCES

DAY 6; THEME 6. WORKING CAPITAL MANAGEMENT

DAY 7; THEME 7. DIVIDEND POLICY, CAPITAL STRUCTURE AND COST OF CAPITAL

DAY 8; THEME 8. LONG TERM FINANCING

DAY 9; THEME 9. ADVANCED RISK MANAGEMENT TECHNIQUES DAY10; THEME 10. CORPORATE REORGANIZATION, ACQUISITIONS AND MERGERS

#### Day 1; Topic1: **FINANCIAL MANAGEMENT FUNCTION**



#### **Lecture**

- 1. The nature and purpose of financial management
- 2. Financial objectives and the relationship with corporate strategy
- 3. Financial and other objectives in financial and non-financial organization

- Maximize Profit?
- Maximize Shareholder Wealth?



# Day 2; Topic 2: FINANCIAL MANAGEMENT

### **LECTURE**

- 1. The economic environment for business
- 2. The nature and role of financial markets and institutions
- 3. The nature and role of the money market <u>Seminar</u>
- Analyses of the nature and role of financial markets and institutions

#### *Day 3: Topic 3: TIME VALUE OF MONEY* <u>Lecture</u>

- 1. Present value
- 2. Future value
- 3. Excel Spreadsheets
- <u>Seminar</u>
- Future value
- Present value
- Rates of return
- Amortization

Note: Use Equations, Financial Calculator, Electronic Spreadsheets



#### Day 4; Topic 4: **ADVANCED INVESTMENT APPRAISAL**



<u>Lecture</u>

- 1. Investment appraisal process techniques
- 2. Allowing for inflation and taxation in DCF
- 3. Adjusting for risk and uncertainty in investment appraisal
- 4. Specific investment decisions

- Payback Period, Accounting Rate of Return (ARR)
- Internal Rate of Return (IRR)
- Profitability Index, Net Present Value (discounted cash flow)

#### Day 5; Topic 5:\_**EVALUATION OF FINANCIAL PERFORMANCE**

#### <u>Lecture</u>

- 1. Financial Statements
- 2. Common-Size Analysis
- 3. Financial Ratio Analysis
- 4. Financial analysis technics

- 1. Common-size analysis expresses financial data
- 2. Ratios—trends and cross-sectional analyses
- 3. Financial "key" ratios based on financial statements.



#### Week II, Day 6; Topic 6: **WORKING CAPITAL MANAGEMENT** Lecture



- 1. Concept and Significance of Working Capital
- 2. Financing of Working Capital
- 3. Current Assets Investment Policies
- 4. Management of inventories, accounts receivables, cash and accounts payables

Seminar:

- 1. Current assets investment policies and strategies
- 2. Management of cash, accounts receivables, inventories and accounts payables.

#### Day 7; Topic 7: DIVIDEND POLICY, STRUCTURE AND COST OF CAPITAL

<u>Lecture</u>

- 1. Cost of capital structure theories
- 2. Cost of Equity
- 3. Cost of debt
- 4. Limitations of the WACC

- Cost of equity approaches,
- Dividend discounting model
- CAPM, WACC, APT etc.

#### Day 8; Topic 8: *LONG TERM FINANCING* <u>Lecture</u>

- 1. Cost of capital structure theories
- 2. Cost of Equity
- 3. Cost of debt
- 4. Limitations of the WACC

- How does the company finance itself (e.g. retained earnings, debt issues, new equity)? What are its major sources of funds over the last five years?
- Has your firm used any complex securities (convertible bonds or warrants, stock options) in recent years?



### Day 9; Topic 9: ADVANCED RISK MANAGEMENT TECNIQUES

#### **Lecture**

- 1. The nature and types of risk and approaches to risk management
- 2. Risk valuation techniques

- Risk matrix
- Risk management action plan

#### Day 10; Topic 10: CORPORATE REORGANIZATION, ACQUISITIONS AND MERGERS



#### <u>Lecture</u>

- 1. Mergers and Acquisitions
- 2. Strategic planning process
- 3. Insolvency

- Restructuring and action plan
- Insolvency analyses

## Teaching methodology of the cour



- Lecture classes
- Seminar classes
- Laboratory research
- Research method
- Interactive teaching method (Interactive white board)
- E -learning (Moodle).

### REFERENCES

Compulsory

- 1. Brealy Richard A., Myers Stewart C., Allen Fran Klin. Principles of Corporate Finance. 11th edited in 2014.
- 2. Brigham Eugene F., Houston Joel F. "Fundamentals of Financial Management", 8th., printed in the U.S.A., 2015.

Optional

- 3. Cobzari L., Vostricov D. Comparative Analysis of Asset Securitization and Traditional Ways of Attraction of Borrowed Funds. În: 25 de ani de reformă economică în Republica Moldova: prin inovare şi competitivitate spre progres economic: Conferința ştiințifică Internațională consacrată celei de-a 25-a aniversări a ASEM din 23-24 septembrie 2016, – Chişinău: ASEM, 2016 – ISBN 978-9975-75-839-0, pag.67-71. 0,16 c.a.
- 4. Botnari N., Nedelcu A. *Assessment of the financial performances of enterprises through measuring of profit, profitability and growth*. In: Economica, ASEM, 2015, nr 3 (93) p.49-59, 0,56 c.a. ISSN:1810-9136
- 5. Maria Ciubotaru, Veronica Ursu. *Fundamentals of financial policies on enterprise managing and monitoring,* Chisinau, ASEM, 2012. 140 pages. 12.7 c.a. ISBN 978-9975-594-

### **Course assignments**



**ESSAY/** Report

**GROUP WORK** 

#### **BRIEF POLICY**

#### **CASE STUDY**



# The research report/ essay must be presented to the audience in writing form.

# The essay/ should contain:



- Specific narrow topic/ or question
- Expression of individual experiences and views on a particular subject or issue
- The work should involve a new, subjective opinion
- The contents of the essay are evaluated first author's personality - his viewpoint and judgements



# Team work



# Case study

### **FINAL EXAM**



#### The final exam paper evaluation-40%.

#### **Final grade calculation**

Current evaluation	Final evaluation	Grades	ECTS
1	2	3	4
0.6	0.4	3= (Mark <sub>1</sub> x0.6)+(Mark <sub>2</sub> x 0.4)	A-(9.01-10) B-(8.01-9) C-(7.01-8) D-(6.01-7) E-(5.0-6.0) FX-(3.01;4.99) F-(1.0;3.0)



### Thank you for your attention!