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Reforming Master Programmes in Finance in Armenia and Moldova/REFINE

An Erasmus+ Capacity Building Project (2017-2020)

Topic: Course Package “Financial Management”

Speaker: Eugenia Busmachiu, PhD, Associate Professor



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





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FINANCIAL MANAGEMENT

Master Program: Banking and Financial Administration
Year 1
Semester 1

$$PV = FV/(1 + r)^n$$

$$ROE = NI/Equity$$

- Course formative category **S (of specialty)**
- Course option category **L (of free choice)**

Admission requirements

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	Content units	Number of hours	
		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.	Long-Term Financing	3	1
9.	Advanced Risk management techniques	2	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

Seminar

- Maximize Profit?
- Maximize Shareholder Wealth?



*Day 2; Topic 2: **FINANCIAL MANAGEMENT ENVIRONMENT***

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

Seminar

- Analyses of the nature and role of financial markets and institutions

Day 3: Topic 3: TIME VALUE OF MONEY

Lecture

1. Present value
2. Future value
3. Excel Spreadsheets

Seminar

- Future value
- Present value
- Rates of return
- Amortization

Note: Use Equations, Financial Calculator, Electronic Spreadsheets



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



Lecture

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

Seminar

- 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***



Lecture

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

Seminar

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**



Lecture

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

Seminar

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

Day 8; Topic 8: ***LONG TERM FINANCING***

Lecture

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

Seminar

- 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** **TECHNIQUES**



Lecture

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

Seminar

- Risk matrix
- Risk management action plan

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



Lecture

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

Seminar

- Restructuring and action plan
- Insolvency analyses

Teaching methodology of the course



- *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 și competitivitate spre progres economic: Conferința științifică Internațională consacrată celei de-a 25-a aniversări a ASEM din 23-24 septembrie 2016, – Chișinău: 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	$3 = (\text{Mark}_1 \times 0.6) + (\text{Mark}_2 \times 0.4)$	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!