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## Course Package “Financial Management”

<b>Work Package</b>	WP3: Development of Course Materials for the Reformed MA Programmes, Deliverable 3.1
<b>Author(s)</b>	Busmachiu Eugenia
<b>E-mail Address</b>	ebusmachiu16@yahoo.ca
<b>Institution</b>	Academy of Economic Studies of Moldova



## Document History

Version	Date	Author(s)	Description
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2	03.06.2019	Eugenia Busmachiu	Submission of final version

### Disclaimer:

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## 1. General information about the course

<b>Title of the course (as specified in the reformed curriculum)</b>	<b>FINANCIAL MANAGEMENT</b>
<b>Name of the teacher</b>	Busmachieu Eugenia, Dr. Associate professor
<b>Novelty of the course (please select as appropriate)</b>	This course is an updated and revised version of a course which already existed in the curriculum
<b>Year of the course in the curriculum</b>	2018-2019
<b>Semester of the course in the curriculum</b>	I
<b>Language of instruction of the course</b>	Romanian/English
<b>Number of ECTS credits</b>	5

This course provides students with a comprehensive understanding of the nature, role and methodologies of financial management of the enterprises. It covers discounted cash flows and valuation; capital investment appraisal methods; the cost of capital and dividend policy in a company; short and long term financial decisions for a business; analyses and interpretation of published financial statements of companies in order to elaborate financial policies, strategies and investment decisions.

Financial management requires a good understanding of methods of resource allocation and how these are captured in financial statements. It also requires detailed knowledge of management, financial and managerial accounting etc.

### Learning outcomes of the course

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

## 2. Syllabus of the course

Explanation: Please provide a detailed syllabus of the course (broken down in weeks) – maximum 2 pages

This course runs as a daily intensive course for two weeks and consists of ten units, which will enrich your knowledge with an invaluable grounding in the subject and enable you to acquire a strong theoretical and practical understanding of the current and advanced financial management practices.

### Week I

#### Day 1

##### *Unit 1. Financial Management Function*

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

#### Day 2

##### *Unit 2. Financial management environment*

- The economic environment for business
- The nature and role of financial markets and institutions
- The nature and role of the money market

#### Day 3

##### *Unit 3. The time value of money*

- Present value
- Future value
- IT and time value of money

#### Day 4

##### *Unit 4. Investment appraisal and risk valuation*

- Investment appraisal process techniques
- Allowing for inflation and taxation in DCF
- Risk and investment analysis
- Specific investment decisions

#### Day 5

##### *Unit 5. Valuation of financial performances*

- Financial analysis and forecasting
- Financial Statements
- Common-Size Analysis
- Financial Ratio Analysis
- Financial analysis techniques
- Valuation techniques

### I<sup>st</sup> Assignment

### Week II

#### Day 6

##### *Unit 6. Working capital management*

- Concept and Significance of Working Capital
- Financing of Working Capital
- Current Assets Investment Policies
- Management of inventories, accounts receivables, cash and accounts payables
- Determining working capital needs and funding strategies

### Day 7

#### *Unit 7. Dividend policy, capital structure and cost of capital*

- Cost of capital structure theories
- Cost of Equity
- Cost of debt
- Limitations of the WACC
- Dividend Policy

### Day 8

#### *Unit 8. Long-Term Financing*

- Sources of Long-Term Financing
- Equity Financing
- Debt Financing
- Leasing Financing

### Day 9

#### *Unit 9. Advanced risk management techniques*

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

### Day 10

#### *Unit 10. Corporate reorganization, mergers and acquisitions*

- Mergers and Acquisitions
- Strategic planning process
- Insolvency

### Day 11

Presentations and discussion on the case studies and individual work. The final exam is going to be taken after the course according the schedule.

### ADMINISTRATION OF THE DISCIPLINE

Code of discipline of the study plan	Title of the course	Responsible for discipline	Semester	Total hours				Assessment	Number of ECTS credits	
				Total	inclusive					
					C	S	L			IW
F.01.O.06.42	FM	Busmachiu E.	1	150	26	14	-	110	Ex.	5

### 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 reorganization, acquisition and mergers	2	2
<b>Total</b>		<b>26</b>	<b>14</b>

### 3. Teaching methodology of the course

Explanation: Please explain the teaching methodology and pedagogical approaches of the course – maximum ½ page

- **Teaching methodology**

*Lecture and discussion method*

The teacher present an oral power point presentation based on information by topics according to the curricula, which includes principles, concepts, ideas and all theoretical knowledge about a given topic in financial management. The lecture involve some discussions, question, and answer period to allow students to be involved actively and provides an opportunity to monitor students learning.

During the discussions, students demonstrate how far do they agree with a view and substantiate their answer with appropriate reasons.

The presentation contains illustrations such as charts, tables, examples, and calculations. At the end of theoretical topics, presentations it is included a multiple choice small test quiz with answers.

*The study assignment method*

The teacher assigns students/group of students to read chapters from financial management books, periodicals, financial statements, project or research papers or exercises for the practice and research report writing.

*Activity from teacher to students*

- Students solve problems, answer questions, formulate questions of their own, discuss, explain, debate, or *brainstorm* during seminar classes.
- Students work in teams (4-6 people, organizing in team by themselves) on problems and projects under conditions that assure both positive interdependence and individual responsibility. All the reports are going to be tested on the plagiarism program. It is mandatory for each student to be involved in the writing of the report.

**Teaching resources:** textbooks, lecture notes, mathematical tables, financial statements, database, scientific research papers, journals, policy briefs (see references section below).

#### 4. Labour market relevance of the course

Explanation: Please explain the labour market relevance of the course (linked to findings of WP1) – maximum ½ page

For instance, the stakeholder’s survey mentioned that graduate students missed some financial skills like analytical and research, the usage and implementation of the new technologies etc. The updated course on financial management will try to provide the new graduates with these skills. They must emphasise the knowledge of following subjects: corporate finance, financial performance analysis, risk management, financial stability and fintech (Excel, Moodle).

In addition financial management course intend to offer to the students the possibility to improve their analytical and research skills and to face the market labour requirements.

#### 5. Assessment and grading

Explanation: Please explain the form of assessment of the course – maximum ½ page

**General mark is determined as a weighted average as follows:**

- Current evaluation including result of participating in the seminars lessons and evaluation of the team work (reports, case studies) –60%;
  - *case assessment*-20%
  - *written/oral test*-10%
  - *research report*-30%

The type of assessment and weight of each component (in 60%) is up to teacher. It can be modified.

- The final exam paper evaluation– 40%.

The way of organizing the exam (oral or written is approved annually by teacher in coordination with the Finance and Insurance Department.

**Table 5.1: Final grade calculation**

Current evaluation	Final evaluation	Grades	ECTS
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
0.6	0.4	$3 = (\text{Mark}_1 \times 0.6) + (\text{Mark}_2 \times 0.4)$	<b>A</b> -(9.01-10) <b>B</b> -(8.01-9) <b>C</b> -(7.01-8) <b>D</b> -(6.01-7) <b>E</b> -(5.0-6.0) <b>FX</b> -(3.01;4.99) <b>F</b> -(1.0;3.0)

The current assignment pass a 60% towards the final mark for the module Financial Management and the written or oral final exam carries a 40% weight.

**The current assessment** procedures will be done by the teacher: appreciation result of participating in the seminars (presentations, writing report, case study and individual work) – 60%.



**The final exam assessment form** includes a template from three parts and is approved by the chief of the department: *I. level of knowledge; II. at the application, level III. at the level of integration*; that cover financial management topics in accordance with learning outcomes-40%.

The final exam test includes multiple choices questions, true –false quiz, essay question and open questions. The form includes grading for each item. (*knowledge, application, integration/ or easy, moderate and challenging*). *The duration of the exam is 3 hours.*

**Total final evaluation (Grades)** – is the sum of current evaluation grade and written exam grade.- 100%.

The financial management course is supposed to be assessed by the students of each semester after examination session.

## 6. References

### Main reading

1. Brigham Eugene F., Houston Joel F. „Fundamentals of Financial Management”, 8th. printed in the U.S.A., 2015.
2. Richard A. Brealey, Stewart C. Myers, Franklin Allen, «Principles of corporate finance 12<sup>th</sup> edition», McGraw-Hill Education London, 2017, ISBN-13 97800771782

### Optional reading

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. Legea insolvențabilității, nr. 149 din 29.06.2012.
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-
6. 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

## 7. Course assignments

Explanation: Please provide two assignments for the course (e.g. group work, project, essay, case study, homework).

### 7.1 Assignment 1

The *assignment* carry a 40% towards the final mark for the module Financial Management. The master students will produce a research paper (report) (max 5 pages without including title page, table of contents, and appendixes) that will be presented and structured according to the requirements.

The written assignment are due on the assigned date. If students are unable to meet this deadline, they contact the teacher to make an alternate arrangement. This needs to be done prior to the established date.

Late assignments may be accepted only with prior approval from the Master School Directorate. Assignments may be adjusted at the professor's discretion. The written report must be: typed, be fully referenced, and be clearly and concisely written and checked by the plagiarism program.

The report can be done by the student or by the group of students. If the group of students does the report, the teacher will assess the involvement of each of them.

The topics of the study (some examples):

1. Government and corporate bonds financing
2. Why does the Value of Money Decline?
3. Dividend Policy: legal framework and recent findings
4. Working capital strategies and policies
5. Leasing vis a vis credit financing
6. Financial risk management: theoretical approach.
7. Financial ratio analysis (based on international company financial statements and annual reports selected by the student)

**Table. 7.1. The structure of the paper**

Title page	Institutions, department, report title, name of the student and submission date.
Executive summary	Overview of subject matter, methods of analysis, findings recommendations
Table of contents	List of numbered sections in report
Introduction	Terms of reference outline of report's structure
Body	The contents of each section
Conclusion and recommendations	Findings of the report and recommendations
Bibliography	List of reference material consulted during research for the report
Appendix	Information that supports student s analysis (financial statements, statistical data, results of excel calculations etc.)

**Table 7.2. Assessment of the report:**

	<b>Excell ent</b> (Marks)	<b>Good</b> (Marks)	<b>Fair</b> (Marks)	<b>Unsa tisfac tory</b> ( Marks)
<i>Research topic and objectives</i>	9-10	7-8	5-6	<5

<b>Methodology</b> (Is the research methodology well defined and adequately described)	9-10	7-8	5-6	<5
<b>Quality of data or findings</b> (Are the results and discussion validate the conclusions, recommendations or proposed solutions?)	9-10	7-8	5-6	<5
<b>Significance and limitations</b>	9-10	7-8	5-6	<5
<b>Are the student able to answer the questions effectively and with confidence?</b>	9-10	7-8	5-6	<5

## 7.2 Assignment 2

### Assignment Topic “Dividend policy of the company”

- Select an entity from the Moldovan wine (other) industry to collect data related to the dividend policy.
- Write an essay emphasizing how company decide on dividend policy decisions taking into consideration the theory concepts, national and international practice, legal framework, payout strategies that company can adopt, factors of the dividend policy.
- Calculate and interpret the dividend policy indicators for the selected company.

### Report Format

- Front page : Font: Times New Roman, Font Size : 14
- Body text, 12 (sub headings), 14 (main headings)
- Line spacing 1.5, justified, paper size A4
- Word Count: Between 2600 to 3200 words
- Other Information

### **This is an individual assignment.**

- Assignment would carry 40% marks from individual work of student.
- The professor would notify date of submission.

## **Annex: Presentation slides**

Explanation: Please provide presentation slides for your course (this can be done in a separate document, e.g. Power Point (Minimum: 25 slides))