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# Course Package

## “Corporate Finance and Management”

<b>Work Package</b>	WP3: Development of Course Materials for the Reformed MA Programmes, Deliverable 3.1
<b>Author(s)</b>	HakobGhuloyan
<b>E-mail Address</b>	hakobgh@yandex.ru
<b>Institution</b>	Gavar State University



**Erasmus+ Capacity Building in Higher Education Project:**

**“Reforming Master Programmes in Finance in Armenia and Moldova” (REFINE)**

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## Document History

Version	Date	Author(s)	Description
1. Development of Course Materials	15.12.2018	Hakob Ghuloyan	"Corporate Finance and Management" Course
2. Updating of Course Materials	25.01.2019	Hakob Ghuloyan	"Corporate Finance and Management" Course
3. Updating of Course Materials	20.02.2019	Hakob Ghuloyan	"Corporate Finance and Management" Course
4. Submission of final version	01.06.2019	Hakob Ghuloyan	"Corporate Finance and Management" Course

### Disclaimer:

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## 1. General information about the course

Explanation: Please fill in the table below.

<b>Title of the course (as specified in the reformed curriculum)</b>	Corporate finance and management
<b>Name of the teacher</b>	Hakob Ghuloyan
<b>Novelty of the course (please select as appropriate)</b>	This course is a newly developed course (new in the curriculum)
<b>Year of the course in the curriculum</b>	Since September 2019 will be taught in Year 1
<b>Semester of the course in the curriculum</b>	2-nd semester
<b>Language of instruction of the course</b>	Armenian
<b>Number of ECTS credits</b>	3

## 2. Learning outcomes of the course

Explanation: Please specify the learning outcomes of the course.

Upon completion of this course, the students shall be able to:

1. to understand on the principles of corporate governance in a modern company,
2. to developed an effective strategy corporations
3. to design the organizational structure of a Corporation with taking into account trends in capital markets;
4. to analyse of factors and conditions of internal and external changes corporate environments.
5. to organize research on the evaluation of modern Corporation and efficient use of financialtools';
6. to assess the nature of financial risks for corporations various industries and financial institutions.
7. to analyse financial statements
8. to prepare financial forecast of the Corporation's development;
9. to assess risks, profitability and efficiency of financial decisions, including strategic decisions on long-term financing
10. to prepare and adoption of short-term and long-term financial decisions;
11. to prepare and implementation of dividend police

## 3. Syllabus of the course

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

### **Brief summary of course contents:**

The purpose of the course is to introduce methodical and theoretical basics of corporate finance management, issues underlying the corporate relationships, functions related to the highest level of corporate governance, the principles and rules for protection of shareholders' interests, the issues related to the relationship between company managers and owners, as well as to provide information, knowledge and develop skills on the sources of financial resources and ways of their effective investments, operative management of finance, financial planning and budgeting, as well as on financial analysis of companies.

The course develops theoretical framework for understanding and analysing major financial problems of modern company in market environment. The course covers basic models of valuation of corporate capital, including pricing models for primary financial assets, real assets valuation and investment projects analysis, capital structure and various types of

corporate capital employed, derivative assets and contingent claims on assets. It provides necessary knowledge in evaluating different management decisions and its influence on corporate performance and value.

Subject title	Total classroom hours	1-st year, 2-nd semester - 14 weeks			
		Weekly hours	Amount of credits	Lecture	Assessment
Corporate finance and management	<b>28</b>	2	3	28	Exam

Week	Topics	Hour
1	Introduction to corporate Finance	4
2	International corporate governance systems	2
3	Corporate asset management	4
4	Management of sources of financing of assets	4
5	Company value management	2
6	Fundamentals of Equities Valuation.Dividend policy of the corporation	4
7	Financial statements and financial forecast	4
8	Financial justification of strategic decisions in Armenian corporations	4
<b>Total</b>		<b>28</b>

## **Topic 1.Introduction to corporate Finance**

### **Week1**

- The advantages of corporate firm over the sole traders and partnerships.
- The role of capital market in explaining corporate performance: main assumptions.

### **Week 2**

- The mission of Chief Financial Officer of the Corporation (CFO).

- The role of corporate finance in building financial model of the firm.
- Corporate Finance and proper financial analysis of any firm in market economy.

## **Topic 2. International corporate governance systems**

### **Week 3**

- The main models of corporate governance in foreign companies.
- German (continental) model. Insider model.
- American system of corporate governance.
- Japanese corporate governance system.

## **Topic 3. Corporate asset management.**

### **Week4**

- Analysis of the composition, structure and dynamics of non-current assets.
- Composition and structure of intangible assets and investments in tangible assets.
- Management decisions in the field of non-current assets.
- Analysis of the composition, structure and dynamics of current assets  
Operational, production and financial cycles.

### **Week 5**

- Assessment of the effectiveness of inventory management.
- Monetary assets, analysis of their composition, structure and dynamics.  
Assessment of the need for monetary assets.
- Cash management practices

## **Topic4. Management of sources of financing of assets**

### **Week 6**

- Capital of the enterprise, its types. Equity and debt capital.
- Management of profit distribution.

### **Week 7**

- Operating, financial and total leverage and risks.
- Corporate risk management system.

## **Topic 5. Company value management**

### **Week 8**

- Corporate Finance in the value paradigm.

- Criteria of efficiency in the management of the value of the business.
- Methods of increasing the value of the company.

## **Topic 6. Fundamentals of Equities Valuation. Dividend policy of the corporation**

### **Week 9**

- The valuation of stocks.
- Classification, determination of the price and profitability of stocks.
- Bases of formation of the dividend policy.

### **Week 10**

- Influence of dividend policy on stock price
- Types of preferred stock by voting rights, dividend rates and dividend payments.

## **Topic 7. Financial statements and financial forecast**

### **Week 11**

- Financial statements and analysis of financial statements.
- The system of indicators of profitability.

### **Week 12**

- Types of financial forecasts.
- Forecasting financial results.

## **Topic 8. Financial justification of strategic decisions in Armenian corporations**

### **Week 13**

- General state of corporate governance in the Republic of Armenia.
- Information openness of companies in Armenia.
- Role of the Board of Directors.

### **Week 14**

- The role of the state in corporate governance.
- Corporate governance in the context of "globalization»
- Problems of corporate governance and search for their solutions, as well as further development prospects.



#### 4. Teaching methodology of the course

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

Interactive lectures and discussions are the main teaching and pedagogical approaches for the Corporate finance and management course. Lectures should be done in more interactive way; group work, presentation, etc. Lectures should be practice oriented.

- Also an individual homework.

Students should study the given lecture material, the slides, the references and the recommended literature. This will allow the student to master the lecture material in greater depth and fulfill the assigned tasks.

- Written homework and practice assignments execution

Practice sessions covering homework exercises from books, essays writing and presentations, individual and group simulation games and assignments

- Discussions

During the course situational discussions are organized, which helps not only to perceive the theoretical material, but also to gain practical skills.

- Tutorial consultations

The lecturer should actively participate in the discussions, give advice to students during practical lessons, individual and group assignments.

The course teaching methods are based on active using of case studies and participant centered learning. During the course study and tasks, various applications and databases are used; students are encouraged to use different scientific and practical researches. The lectures will focus on the major points introduced in the syllabus. The classes will provide general background information on the topics, yet, prior each class the students are expected to read the relevant materials, PowerPoint slides, and assigned readings to be able to complete the homework, projects, and case assignments. Students are encouraged to ask questions and actively participate in class discussions. Students are expected to attend the classes regularly and to be on time.

## 5. Labour market relevance of the course

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

The labour market survey conducted in the frame of REFINE Project revealed that improvement of financial resource management and analytical skills of the MA students is one of the very essential demands of the labour market.

Improving the ability of corporate financial management is one of the priorities for employers.

Demand of the specialists with corporate finance management skills is increasing day by day.

The main topics of the course, the assignments given, and the methodology of the course are based on the analysis of employer requirements. As a result, from the viewpoint of labour market relevance, one can emphasize:

- Ability to work in an international context
- Capacity for applying knowledge in practice
- Concern for quality
- Research skills
- Ability to work autonomously
- Capacity for analysis and synthesis
- Critical and self-critical abilities
- Decision-making
- Performance Management
- Risk analysis and management
- Reconciling Financial Statements
- Understanding of Profit and Loss
- Financial analysis and reporting.

## 6. Assessment and grading

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

### **Form of assessment for course is the following:**

- Max 10 points for attendance,
- Max 50 points for current activity in class, and
- Max 40 points for final exam (40% of which or minimum 16 points required to pass).

Details on assessment are presented in the table below.

Range of Ratings Points	Appointment	Grade	Point
Excellent /81-100/	A+	4,0	95 - 100
	A	4,0	87 - 94
	A-	3,7	81 - 86
Good /61-80/	B+	3,3	75 – 80
	B	3,0	67 – 74
	B-	2,7	61 - 66
Satisfactory /40-60/	C+	2,3	55 – 60
	C	2,0	46 – 54
	C-	1,7	40 - 45
Unsatisfactory /up to 40/	D	1,0	<40

## 7. References

Explanation: Please provide the main references and recommended reading for the course – maximum 1 page

### Books

1. Brealey R, Myers S., Allen F. Principles of Corporate Finance. 11th Edition. — McGraw-Hill/Irwin, 2014
2. Ross S., R.Westerfield, J.Jaffe. Corporate Finance. Fifth Edition. IRWIN-McGraw-Hill.
3. Berk J, Demarzo P, Corporate Finance, . 3<sup>th</sup> Edition 2013
4. Damodaran A. Applied Corporate Finance. Wiley&Sons. 1999
5. Reilly K.F., Brown K.C. Investment Analysis and Portfolio Management. 6<sup>th</sup> Edition. The Dryden Press.
6. Bankruptcy and Distressed Restructuring. Analytical Issues and Investment Opportunities. Edited by E. Altman. Business One IRWIN.
7. Megginson, W. L., Corporate Finance Theory. Addison&Wiley, 2001
8. Smith B. The Modern Theory of Corporate Finance. IRWIN-McGraw-Hill.1997
9. Benninga F., Sarig D. Corporate Finance: a Valuation Approach. IRWIN-McGraw-Hill. 1997
10. Journal of Corporate Finance
11. Journal of Finance
12. Journal of Financial Economics
13. Journal of Applied Corporate Finance
14. Корпоративные финансы:учебник / коллектив авторов; под ред. М.А. Эскиндарова, М. А. Федотовой. – М.: КНОРУС, 2016 –

15. Корпоративные финансы: Учебник для вузов. / Под ред. МВ. Романовского, А. И. Вострокнутовой - М. : Питер, 2014. - 592 с.
16. С.Росс и др. Основы корпоративных финансов. Пер с англ. М.. 2001
17. Модильяни Ф., Миллер М. Сколько стоит фирма? Пер с англ. М.: Дело. 1999
18. Կորպորատիվ ֆինանսներ / Կարլեն Հմայակի Արգարյան, Կարեն Կարլենի Արգարյան Երևան : Տնտեսագետ, 2015
19. Journal of Corporate Finance
20. Journal of Finance
21. Journal of Financial Economics
22. Journal of Applied Corporate Finance
- 23.

### **Useful Web Pages**

1. [www.gov.am](http://www.gov.am)
2. [www.minfin.am](http://www.minfin.am)
3. [www.armstat.am](http://www.armstat.am)
4. [www.mtad.am](http://www.mtad.am)
5. [www.mineconomy.am](http://www.mineconomy.am)

## **24. Course assignments**

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

### **a. Assignment 1**

Homework:

THEME CONTROL

INDICATIVE TOPICS ESSAY:

1. Corporate governance and corporate Finance: relationships, contradictions.
2. Financial capabilities of legal forms of business and financial activities of the Corporation.
3. Evaluation of money and its change in time.
4. Working capital management of the Corporation.
5. Management of easily realizable securities.
6. Analysis of the financial statements of the Corporation.
7. Justification and construction of the Corporation's forecast reporting.
8. Criteria for evaluating the effectiveness of capital investments
9. Risk assessment of efficiency of capital investments.

10. The cost of elements of the capital of the Corporation.
11. Capital structure and dividend policy.
12. Long-term and short-term sources of financing of the Corporation.
13. How corporations raise funds: issuing bonds against issuing shares.
14. Entering the stock market: initial public offering of securities – preparation stages.
15. Financial policy of the Corporation and its elements.
16. Company value management and its relationship with corporate Finance.
17. The relationship between corporate Finance and financial management.

The essay is written by the student on any recommended or self-initiated topic of the course "Corporate Finance".

### **b. Assignment 2**

group work: INDICATIVE Themes

- The analysis of operational effectiveness: factors turnover total assets
- Movement of working capital. Effect of profit and depreciation on cash flow
- External cash flows
- Analysis of the financial condition of the company: liquidity indicators
- Working capital cycle
- Study of the relationship "liquidity-profitability-risk"

### **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))

The slides of "Corporate finance and management" course .