

### თბილისის ჰუმანიტარული სასწავლო უნივერსიტეტი

**TBILISI HUMANITARIAN TEACHING UNIVERSITY**

**Syllabus**

|  |  |
| --- | --- |
| **Name of the course/module** | **Financial Management**  |
| **Code of the course** | **BUEENG005** |
| **Status of the course****(elective/compulsory)** | **Elective** course |
| **ECTS** | **6 credits.Total:150 hours**Contact Hours–50 hours (Class Meeting Time Period:15L/30Pr.) + 5 hours(Midterms:2h and Final Examinations:3h)Individual Work-100 hours |
| **Authors (lecturer)** | **Daviti Pitiurishvili – Invited lecturer**Phone: +995 595 016107E-mail: datopitiurishvili@gmail.com[Lecturer provides consultation hours for students based on schedule approved by the faculty dean, as well as consultations online;] |
| **Aim of the course** | The main aim of this course is to provide theoretical knowledge about models and methods of financial management and practical skills to apply this knowledge to real situations by analyzing and evaluating financial corporate decisions. |
| **Program prerequisites** |  |
| **Assessment system and criteria** |

|  |
| --- |
| **Assessment forms and components** |
| **Assessment forms** | **Max score** |
| **Midterm Assessment** | **60** |
| **Final Assessment**  | **40** |
| **Assessment components**  | **Number**  | **Max Assessment of components** | **Max score** |
| **Midterm Assessment** |  |  |  |
| Case study  | **5** | **2** | **10** |
| Test  | **5** | **2** | **10** |
| Project presentation | **1** | **10** | **10** |
| Discussion | **5** | **2** | **10** |
| Midterm exam  | 1 | 20 | **20** |
| **Final exam** | **1** | **40** | **40** |
|   |
| **Assessment criteria** |
| **Case study (10 points)**(5X2=10 points)  |
| **2** | Accurately describes a given business situation, analyzes, evaluates and establishes Causal relationships in detail based on the knowledge gained; Draws appropriate conclusions; student is able to see the situation in a different light and give similar examples. |
| **1,5** | Accurately describes a given business situation, analyzes, evaluates and establishes Causal relationships in detail based on the knowledge gained; Draws appropriate conclusions;  |
| **1** | Accurately describes a given business situation, analyzes, evaluates and establishes cause-and-effect relationships in detail based on the knowledge gained; Draws appropriate conclusions; |
| **0.5** | Accurately describes a given business situation, analyzes, evaluates and establishes cause-and-effect relationships in detail based on the knowledge gained; |
| **0** | The student does not participate in the business situation analysis process. |
| **Test (5X2=10 point)** During the semester, the student is tested 5 times. As part of the test, the student is given 5 test assignments as a specific financial task. Accordingly, the student can accumulate a maximum of 10 points (5X2 = 10). |
| **0,4** | The answer is correct |
| **0** | The answer is not correct |
| **Project presentation (10 point)** |
| Point | **(6 points) Criteria for evaluating the content of the project** |
| **6** | The student perfectly demonstrates the ability to find and critically analyze information / data, uses the latest information, data and literature, brightly evaluates complex problems and formulates his / her original conclusios by analyzing and synthesizing problematic issues, setting optimal guidelines for problem solving. |
| 5 | The student is very good at finding information / data analysis and critical analysis, using the latest information, data and literature, highly assessing complex problems and formulating his / her own conclusions by analyzing and synthesizing problematic issues. |
| **4** | The student is well able to find and critically analyze information / data, uses the latest information, data and literature, makes complex problem assessments and formulates his / her own conclusions by analyzing and synthesizing problematic issues, and determines the optimal directions for solving the problem. |
| 3 | The student satisfactorily demonstrates the ability to find and critically analyze information / data, uses the latest information, data and literature less, evaluates problems and forms his / her own conclusions by analyzing and synthesizing problematic issues, satisfactorily defining optimal directions for problem solving. |
| 2 | The student is weak in the ability to find and critically analyze information / data, rarely uses the latest information, data and literature, evaluates problems, however, analyzes and synthesizes problematic issues, fails to form his own conclusions and does not determine the optimal direction to solve the problem. |
| 1 | The student is not able to find and critically analyze information / data, does not use the latest information, data and literature, is unable to assess problems and is unable to formulate his / her own conclusions about problem solving. |
| 0 | The student did not prepare project |
| **Criteria for project presentation and discussion evaluation****(4 points)** |
| 4 | The student is very good at presenting and presenting the problem, discusses his / her conclusions and arguments brilliantly while participating in the discussion on the presentation topic, and perfectly defends his / her opinions. Demonstrates very good skills in delivering delivery techniques, including presentation materials. |
| 3 | The student is well able to ask and present a problem, discusses his / her own conclusions and arguments while participating in a discussion on a presentation topic, and defends his / her own opinions well. Demonstrates good skills in delivering delivery techniques, including presentation materials. |
| 2 | The student satisfactorily demonstrates the ability to ask and present a problem, discusses his / her own conclusions while participating in a discussion on a presentation topic, but lacks argumentation. Defends your own opinions. Satisfactorily demonstrates the skills of delivering delivery techniques, including presentation materials. |
| 1 | The student is almost unable to identify and present the problem, having difficulty discussing his or her own conclusions and arguments while participating in a discussion on a presentation topic and defending his or her own opinions. At a low level, it demonstrates the ability to deliver delivery techniques, including presentation materials. |
| 0 | The student is unable to identify and present a problem, is unable to discuss his / her own conclusions and arguments while participating in a discussion on a presentation topic, is unable to defend his / her own opinions. Fails to demonstrate skills in delivering delivery techniques, including presentation materials. |
| **Oral presentation (10 points)****(**5X2 = 10) During the semester, the student will be interviewed orally 5 times, respectively, in oral surveys the student can earn a maximum of 10 points (5X2). The oral survey is conducted in the format of reports, discussions and Q&A |
| 2 | The student is well prepared, the answer is clearly and adequately formulated, his discussion is at a high level. It defends terminology |
| 1 | The student is not well prepared, the answer is incompletely formulated, his discussion is fragmentary, and the terminology is flawed. |
| 0 | The student is literally unprepared, the answer is vague and inadequate. His discussion is fundamentally wrong, he does not use terminology. |
| **Mid term exam (20 points)** |
| Test (5X1 = 5 points) The test consists of 5 test assignments. The total number of points is equal to 5 |
| 1 | The answer is correct |
| 0 | The answer is not correct |
| Criteria for evaluating a theoretical issue (5X3) = 15 |
| 3 | The answer is complete. The student is thoroughly familiar with the past material, the issue is logically, consistently and adequately conveyed. Terminology is protected. Discussion and analysis are at a high level. |
| 2 | The answer is complete. The student is satisfied with the material covered by the program. The issue is logically and adequately conveyed, though inconsistent. Terminology is protected. Discussion and analysis are satisfactory. |
| 1 | The answer is short. The student has sufficient knowledge of the materials covered by the program, but there are some drawbacks. The issue is conveyed in part. Terminology is flawed. Discussion and analysis are fragmentary. |
| 0 | The answer to the question is not relevant or not given at all. |
| **Final exam (40 points)** |
| Criteria for evaluating a theoretical issue (8X3) = 24 |
| 3 | The answer is complete. The student is thoroughly familiar with the past material, the issue is logically, consistently and adequately conveyed. Terminology is protected. Discussion and analysis are at a high level. |
| 2 | The answer is complete. The student is satisfied with the material covered by the program. The issue is logically and adequately conveyed, though inconsistent. Terminology is protected. Discussion and analysis are satisfactory. |
| 1 | The answer is short. The student has sufficient knowledge of the materials covered by the program, but there are some drawbacks. The issue is conveyed in part. Terminology is flawed. The discussion and analysis of the fragment. |
| 0 | The answer to the question is not relevant or not given at all. |
| **Test (16X1 = 16 points)** |
|  The test consists of 16 closed questions. The total number of points is equal to 16 |
| 1 | The answer is correct |
| 0 | The answer is not correct |

 |
| **Course description** | **appendix1** |
| **Assessment system/activities, methods****and criteria** | **The assessment system has:** Five types of positive assessment: (A) Excellent – 91-100 points of rating (B) very good – 81-90% of maximum assessment; (C) Good– 71-80% of maximum assessment; (D) Satisfactory – 61-70% of maximum assessment; (E) Enough–51-60% of maximum assessment.Two types of Negative assessment: (FX) Fail After Supplementary Assessment – Maximum rate 41-50 points; which means, that student needs more time to take exam and is given the right to take exam repeatedly after independent work; (F) Fail – Maximum rate 40 and less points, which means, that student’s work is not enough and he/she needs repeated study of the subject.A student is eligible to take an additional exam in the same semester if he or she received an FX (41-50 - failed) grade; The interval between the final and additional exams in the subject must be at least 5 calendar days after the announcement of the final exam results.The student who has accumulated at least 21 points in the mid-term assessments is given the right to take the final exam, and at least 20 points in case of the final assessment. |
| **Core literature:** | 1.Eugene F. Brigham and Joel F. Houston. Fundamentals of Financial Management, Fifteenth edition. 2019. |
| **Additional literature** | 2.Robert C. Higgins ; with Jennifer Koski and Todd Mitton. Analysis for financial management. Eleventh edition. 2016. McGraw-Hill Education |
| **Learning outcomes, competences****(general and field specific)** | **Knowledge and understanding:** * Explain the links between stock price, intrinsic value, and executive compensation
* Discuss the importance of business ethics and the consequences of unethical behavior
* Discuss the importance of market efficiency, and explain why some markets are more efficient than others.
* List the five groups of ratios and identify, calculate, and interpret the key ratios in each group.
* Explain how the stock market has performed in recent years.
* Discuss each ratio’s relationship to the balance sheet and income statement.
* Discuss why return on equity (ROE) is the key ratio under management’s control and how the other ratios impact ROE, and explain how to use the DuPont equation for improving ROE.
* Discuss the legal rights of stockholders.
* List the key characteristics of preferred stock, and describe how to estimate the value of preferred stock.
* Discuss the analytical framework used when determining the optimal capital
* structure

**Skills*** Calculate weighted average cost of capital (WACC) of a corporation, to take taxes into account.
* Compare different WACC calculation methods.
* Calculate and interpret cost of debt, cost of equity, beta, cost of capital of an investment project.
* Describe and compare net income payout methods, dividend policy, share repurchases.
* Explain the application of option theory to investment project valuation.
* Overview the process of corporate M&As.
* Apply and compare main corporate valuation methods (discounted cash flows, real options, relative valuation).
* Explain how the stock market operates, and list the distinctions between the different types of stock markets.
* Identify the two models that can be used to estimate a stock’s intrinsic value: the discounted dividend model and the corporate valuation model.
* Estimate the costs of different capital components—debt, preferred stock,
* retained earnings, and common stock.
* Correctly calculate the NPV of mutually exclusive projects that have unequal
* lives.
* Estimate a project’s relevant cash flows and put them into a time line format
* that can be used to calculate a project’s NPV, IRR, and other capital budgeting
* metrics.
* Explain how different amounts of current assets and current liabilities affect
* firms’ profitability and thus their stock prices.
 |
| **Learning/Teaching methods** |

|  |
| --- |
| **Learning/Teaching methods** |
| Lecture |[x]
| Group work  |[x]
| Practical teaching |[ ]
| Lab work  |[ ]
| Practice  |[ ]
| Thesis/project  |[ ]
| Consultation  |[x]
|  (E-learning) |[ ]
| Independent work |[x]
| **Activities:**  |
| [x]  Discussion/debate [ ]  (collaborative) [ ]  problem based learning (PBL) [x]  Case study [ ]  Brain storming [ ]  Role and situation game [ ]  Demonstration methods [x]  inductive methods [x]  deductive methods [x]  analysis method [x]  synthesis methods [x]  verbal teaching method [x]  writing working methods [x]  Explanation methods [x]  active based teaching [x]  project presentation  |
|  |

 |

**appendix1**

**Course description:**

**Topics of the lecture, practical classes/laboratory work/working group, literature**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Week №** | **Type of****the class** | **Topics** | **Contact hours** | **literature** |
| **Iweek** | Lect. | **Topic 1: An Overview of Financial Management*** What Is Finance?
* Forms of Business Organization
* The Main Financial Goal: Creating Value for Investors
* tockholder–Manager Conflicts;
* Stockholder–Debtholder Conflicts
* Balancing Shareholder Interests and the Interests of Society;
* Business Ethics
 | **2** | **[1] – Ch 1** |
| Pract. | * Discussion/debate
 | **1** |  |
| **IIweek** | Lect. | **Topic 2: Financial Markets and Institutions*** The Capital Allocation Process
* Financial Markets
* Financial Institutions
* The Stock Market
* The Market for Common Stock
* Stock Markets and Returns
* Stock Market Efficiency
 | **1** | **[1] – Ch 2** |
| Pract. | * Case study (1)
 | **2** |  |
| **IIIweek** | Lect. | **Topic 3: Financial Statements, Cash Flow, and Taxes*** Financial Statements and Reports
* The Balance Sheet
* The Income Statement
* Statement of Cash Flows
* Statement of Stockholders’ Equity
* Uses and Limitations of Financial Statements;
* Free Cash Flow
* MVA and EVA
* Income Taxes
 | **1** | **[1] – Ch 3** |
| Pract. | * **Quiz (1)**
 | **2** |  |
| **IVweek** | Lect. | **Topic 4: Analysis of Financial Statements*** Ratio Analysis
* Liquidity Ratios
* Asset Management Ratios
* Debt Management Ratios
* Profitability Ratios
* Market Value Ratios
* Tying the Ratios Together: The DuPont Equation
* Potential Misuses of ROE
 | **1** | **[1] – Ch 4** |
| Pract. | * Case study (2)
 | **2** |  |
| **V week** | Lect. | **Topic 5: Time Value of Money*** Time Lines
* Future Values
* Present Values
* Finding the Interest Rate, I
* Finding the Number of Years, N
* Annuities
* Future Value of an Ordinary Annuity
 | **1** | **[1] – Ch 5** |
| Pract. | * Case study (3)
 | **2** |  |
| **VIweek** | Lect. | **Topic 6: Interest Rates*** The Cost of Money
* Interest Rate Levels
* The Determinants of Market Interest Rates
* The Term Structure of Interest Rates
* What Determines the Shape of the Yield Curve?
* Using the Yield Curve to Estimate Future Interest Rates
* Macroeconomic Factors That Influence Interest Rate Levels
 | **1** | **[1] – Ch 6** |
| Pract. | * **Quiz (2)**
 | **2** |  |
| **VII week** | Lect. | **Topic 7: Bonds and Their Valuation*** Who Issues Bonds?
* Key Characteristics of Bonds
* Bond Valuation
* Bond Yields
* Changes in Bond Values over Time;
* Bonds with Semiannual Coupons
* Assessing a Bond’s Riskiness
* Default Risk
* Bond Markets
 | **1** | **[1] – Ch 7** |
| Pract. | * Case study (4)
 | **2** |  |
| **VIII week** | **Midterm** | 2 |  |
| **IX week** | Lect. | **Topic 8: Risk and Rates of Return*** The Risk-Return Trade-Off
* Stand-Alone Risk
* Risk in a Portfolio Context: The CAPM
* The Relationship between Risk and Rates of Return
* Some Concluding Thoughts: Implications for Corporate Managers and Investors
 | **1** | **[1] – Ch 8** |
| Pract. | * Case study (5)
 | **2** |  |
| **X week** | Lect. | **Topic 9: Stocks and Their Valuation*** Legal Rights and Privileges of Common Stockholders;
* Types of Common Stock;
* Stock Price versus Intrinsic Value
* The Discounted Dividend Model;
* Constant Growth Stocks
* Valuing Nonconstant Growth Stocks;
* Enterprise-Based Approach to Valuation;
* Preferred Stock
 | **1** | **[1] – Ch 9** |
| Pract. | * Case study (6)
 | **2** |  |
| **XI week** | Lect. | **Topic 10: The Cost of Capital*** An Overview of the Weighted Average Cost of Capital (WACC);
* Basic Definitions;
* Cost of Debt
* Cost of Preferred Stock
* Cost of New Common Stock;
* Composite, or Weighted Average, Cost of Capital, WACC;
* Factors That Affect the WACC;
* Adjusting the Cost of Capital for Risk
 | **1** | **[1] – Ch 10** |
| Pract. | * **Quiz (3)**
 | **2** |  |
| **XII week** | Lect. | **Topic 11: The Basics of Capital Budgeting*** An Overview of Capital Budgeting
* Net Present Value (NPV)
* Internal Rate of Return (IRR)
* Multiple Internal Rates of Return
* Reinvestment Rate Assumptions
* Modified Internal Rate of Return (MIRR)
* NPV Profiles
* Payback Period
* Conclusions on Capital Budgeting Methods;
* Decision Criteria Used in Practice
 | **1** | **[1] – Ch 11** |
| Pract. | * Case study (7)
 | **2** |  |
| **XIII week** | Lect. | **Topic 12: Cash Flow Estimation and Risk Analysis*** Conceptual Issues in Cash Flow Estimation
* Analysis of an Expansion Project
* Replacement Analysis
* Risk Analysis in Capital Budgeting
* Measuring Stand-Alone Risk
* Within-Firm and Beta Risk
* Unequal Project Lives
 | **1** | **[1] – Ch 12** |
| Pract. | * **Quiz (4)**
 | **2** |  |
| **XIV week** | Lect. | **Topic 13: Real Options and Other Topics in Capital** * Budgeting
* Introduction to Real Options
* Growth (Expansion) Options
* Abandonment/Shutdown Options
* Investment Timing Options
* Flexibility Options
* The Optimal Capital Budget
* The Post-Audit
 | **1** | **[1] – Ch 13** |
| Pract. | * Case study (8)
 | **2** |  |
| **XV week** | Lect. | **Topic 14: Capital Structure and Leverage*** Book, Market, or “Target” Weights?
* Business and Financial Risk
* Determining the Optimal Capital Structure
* Capital Structure Theory
* Checklist for Capital Structure Decisions
* Variations in Capital Structures
 | **1** | **[1] – Ch 14** |
| Pract. | * **Quiz (5)**
 | **2** |  |
| **XVI week** | Pract. | **Project presentation** | **3** |  |
| **XVII-XVIII week** | **Final Exam** | **2** |  |
| **XIX-XXweek** | **Additional exam** |  |  |