



PROGRAMME: Interdepartmental Programme of Postgraduate Studies in Business Administration (MBA)

Compulsory Course: “Financial Management”

Semester: 2nd

Instructor:

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GOALS AND DESCRIPTION

The goal of this course is to provide an overview of techniques for effectively studying financial decisions and their impact on the company. The course covers the basic concepts and tools necessary to understand the role of the financial manager and the decisions he has to make for financing and investing.

The financial manager in each firm must answer three important questions: (a) What long-term investments should a firm undertake? (b) How can the firm raise the capital (money) needed for the investments? (c) How will the firm manage its day-to-day cash and financing affairs? Understanding financial management is of vital importance for the long run survivorship of a company.

Learning goals

At the end of the class the students should be able to:

- categorize the various types of cash flows,
- use various methods to evaluate long-term investments,
- estimate the cost of capital,
- know the importance of capital structure and of leverage
- analyze the financial statements of a firm.

PART 1: THE SCOPE AND ENVIRONMENT OF FINANCIAL MANAGEMENT

AN INTRODUCTION TO FINANCIAL MANAGEMENT

- What is Finance
- Goal of the firm
- The ten principals of finance

UNDERSTANDING FINANCIAL STATEMENTS AND CASH FLOWS

- The income statement
- The balance sheet
- Measuring various types of cash flows

EVALUATING A FIRM’S FINANCIAL PERFORMANCE

- Financial ratio analysis
- The DuPont analysis

PART 2: LONG TERM INVESTMENT DECISIONS

CAPITAL BUDGETING

- Definition
- Types of investment
- Importance of long term investments
- Steps of capital budgeting
- Main factors of valuation
- Forms of cash flows
- Exercises/problems

CAPITAL BUDGETING DECISION CRITERIA

- Payback Method
- Accounting Rate of Return
- Net Present Value, NPV
- Profitability Index
- Internal Rate of Return, IRR
- comparison between NPV and IRR

CAPITAL BUDGETING AND RISK ANALYSIS

- Measuring risk
- Sensitivity analysis
- Scenario analysis

PART 3: COST OF CAPITAL-CAPITAL STRUCTURE

COST OF CAPITAL

- Key definitions
- Importance of cost of capital
- Calculating the individual costs of capital
- The weighted average cost of capital

CAPITAL STRUCTURE

- Analysis of leverage
- Operating leverage
- Financial leverage
- Break -Even analysis
- Modigliani and Miller theory of capital structure

PART 4: SHORT TERM FINANCING

- Working capital management
- Cash and marketable securities management
- Accounts receivable and inventory management

REQUIRED TEXTBOOKS

1. Ross, S.A, R.W. Westerfield, J.F. Jaffe and R.D Jordan, Core Principles and Applications of Corporate Finance, Third Edition, Irwin / Mc Graw - Hill, (Έκδοση 2011).
2. Keown, Martin, Petty, and Scott, Financial Management, Principals and Foundations, 9th Edition.
3. Βασιλείου, Δ και Ν. Ηρειώτης, Χρηματοοικονομική Διοίκηση, Θεωρία και Πρακτική, Rosili, 2008.
4. Αθανάσιος Νούλας, Χρηματοοικονομική Διοίκηση, Πανεπιστημιακές Σημειώσεις (Ανηρτημένες στο **COMPUS** του Πανεπιστημίου).

OPTIONAL

1. Gabriel Hawawini and Claude Viallet, Finance for Executives: Managing for Value creation, Second Edition, Thomson Publishing 2002
2. James C. Van Horne and John M. Wachowitz, Jr, Fundamental of financial Management, Tenth Edition Prentice Hall.
3. A.Buckey, S. Ross, R. Westerfield and J. Jafe, Corporate Finance Europe, Irwin
4. R.C Moyer, J.R Mc Guigan and W.J Kretlow, Contemporary Financial Management, Sixth Edition, West Publishing Company, 1995.
5. E.F. Brigham and L.C Capenski, Financial Management: Theory and Practice, Seventh Edition, The Dryden Press, 1994.
6. E.J. Mc Laney, Business Finance for Decision Makers, 2nd Edition, Pitman Publishing, 1994.
7. G.V Henderson, Jr, G.L Trennepohland J.E Wert, An Introduction to Financial Management, Addison - Wesley Publishing Company, 1984
8. R. Brealey and S. Myers, Principles of Corporate Finance, Fifth Edition, Mc Graw - Hill.

OTHER READINGS

Academic journals like Journal of Finance, Financial Management, Financial Analyst Journal.

GRADING SYSTEM

Homework: 30%

Final exam: 70%.