STRATEGIC FINANCE MANAGEMENT

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| Course code | *GRAL006* |
| Level of studies | *Graduate* |
| Number of credits | *6 ECTS*; *36 class hours, 124 hours of self-study, 2 hours of consultation* |
| Course coordinator (title and name) | *Dmitrij Katkov,CFA,PhD e-mail:* [dmikat*@faculty.ism.lt*](mailto:dmikat@faculty.ism.lt) |
| Prerequisites | *Undergraduate diploma* |
| Language of instruction | *English* |

**THE AIM OF THE COURSE**

This is an introductory course created to introduce the students with no financial or accounting background to the main concepts of managerial finance required for occupying a leadership position. The course intends to provide students with an overview of business finance concepts, terminology, and principles. It covers both theoretical and empirical aspects of financial analysis, capital investment, valuation, and financing decisions. The course develops understanding of the business organization as a value-maximizing entity, and introduces students to the necessary theoretical models as well as practical tools for financial decision-making. The course is designed to develop the insights and skills that are necessary to analyse and structure financial information of a business firm, to value investment projects, and to support value-adding business decisions.

**LEARNING OUTCOMES**

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| **Course learning outcomes (CLO)** | **Study methods** | **Assessment methods** |
| CLO1. Demonstrate and apply critical understanding of the main financial measures of the value and its elements | Lectures, discussions, self-study | Participation, final exam |
| CLO2. Compare different long- and short-term financing decisions | Lectures, self-study, participation in class and group projects | Final exam |
| CLO3. Gain skills to perform financial analysis of a business company using its financial statement data and applying financial ratios | Lectures, workshops, group discussions | Coursework |
| CLO4. Apply the concept of time value of money in solving various financing problems, and evaluate investment projects using different methods (NPV and its alternatives) | Lectures, exercises, self-study | Final exam |
| CLO5. Adhere to the principles of professional ethics in financial decision making | Discussions, participation in class and group projects | Participation, case analysis assessments, final exam |

**ACADEMIC HONESTY AND INTEGRITY**

The ISM University of Management and Economics Code of Ethics, including cheating and plagiarism are fully applicable and will be strictly enforced in the course. Academic dishonesty, and cheating can and will lead to a report to the ISM Committee of Ethics. With regard to remote learning, ISM remind students that they are expected to adhere and maintain the same academic honesty and integrity that they would in a classroom setting.

**COURSE OUTLINE**

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| **Topic** | **In-class hours** | **Readings** |
| **Introduction to financial statements**. Learning to understand financial statements, understanding key financial concepts. | 4 | Gitman Chapter 1  Hawawini Cgapter 1 |
| **Financial statement analysis**. Analyzing financial statements to inform leader’s financial decision making. | 4 | Gitman Chapter 2-3 |
| **Cash flow analysis.** Analyzing company’s cash flows to inform leader’s financial decision making. | 4 | In-class notes |
| **Short-term financial decisions¸** Building financial knowledge to make informed short-term financial decisions in the organization. | 3 | Chapter 15, 16 |
| **Long-term financial decisions and capital structure.** Building financial knowledge to make informed long-term financial decisions in the organization. | 3 | Hawawini Chapter 11 |
| **Time value of money.** Understanding of the business organization as a value-maximizing entity. | 4 | Gitman Chapter 5  Hawawini Chapter 2 |
| **Capital budgeting techniques**. Theoretical models and practical tools for financial decision-making. | 4 | Hawawini Chapter 7 |
| **Capital budgeting cash flows.** Theoretical models and practical tools for financial decision-making. | 3 | Hawawini Chapter 8  . |
| **Risk in capital budgeting.** Understanding the leader’s risk appetite in relation to financial decision making in the organization. | 2 | Hawawini Chapter 9 |
| **Profit planning and forecasting.** Creating a master budget for a company. | 3 | Class handout |
| **Coursework presentations: company analysis** | 4 | N/A |
|  | **Total: 36 hours** |  |

**FINAL GRADE COMPOSITION**

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| **Type of assignment** | **Self-study hours** | **% of the total grade** |
| Coursework | 48 | 35% |
| Final exam | 60 | 50% |
| Presentation |  | 15% |
| **Total:** | **128** | **100** |

**DESCRIPTION AND GRADING CRITERIA OF EACH ASSIGNMENT**

**Assessment 1. Coursework**

Students will work in small groups to prepare and present a financial analysis of a listed corporation. Details on the coursework will be provided during the first class. Coursework must comply with ISM requirements. Coursework counts 35% towards the final grade.

**Assessment 2. Final exam**

The final exam counts 50% towards the final grade. It tests conceptual, analytical, and numerical skills. Calculators may be used, provided they cannot store text. Formula sheets will be provided.

**Assessment 3. Participation**

The presentation of coursework counts 15% towards the final grade.

**RETAKE POLICY**

In case of a negative final grade, students are allowed a re-sit exam. The weight of the re-sit is 50%. Other assignments cannot be rewritten/retaken, but their evaluations (if positive) are not annulled.

**ADDITIONAL REMARKS**

All assigned readings must be read before each class. Students should bring calculators or laptops for calculations.

**REQUIRED READINGS**

1. Gitman, L.J & Zutter, C.J. (2015). Principles of managerial finance (Global Edition, 14th ed.) Pearson Education Limited.
2. Hawawini, G. A., & Viallet, C. (2021). Finance for executives: Managing for value creation. Australia: South-Western/Thomson Learning.

**ADDITIONAL READINGS**

1. Shen, K. Y. (2017). Compromise between short-and long-term financial sustainability: A hybrid model for supporting R&D decisions. Sustainability, 9(3), 375.
2. Yilmaz, A. K., & Flouris, T. (2017). Enterprise risk management in terms of organizational culture and its leadership and strategic management. In Corporate risk management for international business (pp. 65-112). Springer, Singapore.
3. Baškarada, S., & Watson, J. (2017). Managing the exploitation-exploration tradeoff: how leaders balance incremental and discontinuous innovation. Development and Learning in Organizations: An International Journal.
4. Other readings distributed during the class or via Intranet

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Additional readings might be provided during the module.