

МІНІСТЕРСТВО ОСВІТИ І НАУКИ УКРАЇНИ
ХАРКІВСЬКИЙ НАЦІОНАЛЬНИЙ ЕКОНОМІЧНИЙ УНІВЕРСИТЕТ
ІМЕНІ СЕМЕНА КУЗНЕЦЯ



УПРАВЛІННЯ БІЗНЕС-ФІНАНСАМИ

робоча програма навчальної дисципліни

Галузь знань **07 «Управління та адміністрування»**
Спеціальність **073 «Менеджмент»**
Освітній рівень **другий (магістерський) рівень**
Освітня програма **Бізнес-адміністрування**

Статус дисципліни

обов'язкова

Мова викладання, навчання та оцінювання

англійська

Завідувач кафедри
менеджменту та бізнесу



Тетяна ЛЕПЕЙКО

APPROVED
at the meeting of Management
and Business Department
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**Sheet of renewal and re-approval
syllabus of the academic discipline**

Academic year	Date of the department meeting - developer of the syllabus	Protocol number	Sign of the Head of the department

Abstract of the educational discipline

Modern managerial finance theory operates on the assumption that the primary goal of the firm is to maximize the wealth of its stockholders, which translates into maximizing the price of the firm's common stock. The traditional goal frequently stressed by economists – profit maximization – is not sufficient for most firms today. The focus on wealth maximization continues in the current conditions. Two important trends – the globalization of business and the increased use of information technology – are providing exciting challenges in terms of increased profitability and new risks.

Financial management is important in all types of businesses, including banks and other financial institutions, as well as industrial and retail firms. Financial management is also important in governmental operations, from schools to hospitals to highway departments.

The financial manager of a firm plays an important role in the company's goals, policies, and financial success. The financial manager's responsibilities include:

1. Financial analysis and planning: determining the proper amount of funds to employ in the firm, i.e., designating the size of the firm and its rate of growth.
2. Investment decisions: the efficient allocation of funds to specific assets.
3. Financing and capital structure decisions: raising funds on as favorable terms as possible, i.e., determining the composition of liabilities.
4. Management of financial resources (such as working capital).
5. Risk management: protecting assets by buying insurance or by hedging.

The purpose of the discipline is: to form knowledge system on financial management of enterprises, their operational and investment activities, on development strategy and tactics of financial provision of economic entities.

The subject of the study of the discipline is the financial relations that are formed at the enterprise in connection with the implementation of managerial functions in relation to financial flows and in the process of substantiation and adoption of managerial decisions in finance and gaining financial results.

Characteristics of educational discipline

Course	1M
Semester	2
Number of credits ECTS	5
Form of final control	Exam

Structural and logical scheme of studying the discipline

Prerequisites	Postrequisites
Business economics	Diploma thesis
Econometrics	
Higher mathematics	
Finance	
Management theory	
Analytical support of business management	
Management of Organizations	
Risk-management	

Competences and learning outcomes of the discipline

Competences	Learning outcomes
GC 1. Ability to conduct research at the appropriate level SC 1. Ability to choose and use management concepts, methods and tools, in accordance with defined goals and international standards SC 9. Ability to analyze and structure organizational problems, make effective management decisions and ensure their implementation	LO 1. Critically consider, choose and use the necessary scientific, methodical and analytical management tools in unpredictable conditions
GC 3. Skills in using information and communication technologies SC 2. Ability to establish values, vision, mission, goals and criteria by which the organization determines further directions of development, develop and implement appropriate strategies and plans	LO 2. To identify problems in the organization and justify the methods of their solution
SC 2. Ability to establish values, vision, mission, goals and criteria by which the organization determines further directions of development, develop and implement appropriate strategies and plans	LO 5. Plan the activities of the organization in strategic and tactical sections
GC 6. Ability to generate new ideas (creativity) SC 1. Ability to choose and use management concepts, methods and tools, in accordance with defined goals and international standards SC 9. Ability to analyze and structure organizational problems, make effective management decisions and ensure their implementation	LO 6. Have the skills to make, justify and ensure the implementation of management decisions in unpredictable conditions, taking into account the requirements of current legislation, ethical considerations and social responsibility
SC 9. Ability to analyze and structure organizational problems, make effective management decisions and ensure their implementation	LO 13. To be able to plan and carry out informational, methodical, material, financial and personnel support of the organization (unit).
SC 4. Ability to effectively use and develop the organization's resources SC 12. The ability to develop and apply methods and technologies of integrated management in the organization	LO 14. Apply and create integrated management technologies, methods and tools for effective business management in risk conditions

The program of the educational discipline

Content module 1. Fundamentals of business finance management and financial analysis

Topic 1. Theoretical basis of business finance management

Definition of finance and financial management. Relationship among Investments, Financial markets and Financial Management. Financial Management and Financial Managers. Most Common Ways For Firm To Fail Financially. Financial management and firm goal. Profit maximization versus value creation. Profit maximization versus wealth creation. Management versus shareholders. Social responsibility of the firm. Major decision in financial management. Investment decision (Capital budgeting). Working capital decision. Financing decision. Earnings management decisions.

Considerations in dividends payment. Financial management tasks. Manage Operational Cash In and Out. Tax planning and tax implications to minimize cash flow out. Forecasting and Budgets. Manage Daily Operations and Controlling credit operations. Capital Expenditures. Sources of funds. Differences Between Debt and Equity. The business environment. Basic form of business organization. Advantages and disadvantages of sole proprietorships, partnerships, corporations. The financial environment. Financial institutions, financial markets, individuals, businesses, governments. The role of finance in a changing socio-economic scenario.

Topic 2. Financial Statement and their Analysis

Basics of Analysis approach. Accounting View of the Firm. The Balance Sheet. The Income Statement. Market Value of the Firm. Value creation: two strategies. Balance Sheet Analysis: Accounting liquidity, Debt versus equity, Value versus cost. Net Working Capital. Net Working Capital and Liquidity. Income Statement Analysis: GAAP, Non Cash Items, Time and Costs. The Concept of Cash Flow. The Statement of Cash Flows. Cash Flows Sources and Uses. Money inflows and outflows from all type on enterprise activity. Financial statement analysis. Index analysis, vertical analysis, horizontal analysis, ratio analysis. Liquidity ratios, activity ratios, accounts receivable ratios, inventory ratios, total asset turnover ratio, leverage ratios, profitability ratios, market value ratios.

Topic 3. Cost-Volume-Profit Analysis

Cost-Volume-Profit Assumptions and Terminology. Essentials of Cost-Volume-Profit (CVP) Analysis Example. The breakeven point and output level needed to achieve a target operating income using the equation, contribution margin, and graph methods. The income taxes affect on CVP analysis. The role of CVP analysis in decision making. Sensitivity analysis – how to cope with uncertainty. Using CVP analysis to plan fixed and variable costs. Operating Leverage. Applying CVP analysis to a company producing different products. Effects of Sales Mix on Income. Adaption CVP analysis to situations in which a product has more than one cost driver. Distinguishing between contribution margin and gross margin.

Content module 2. Technology of business finance management

Topic 4. Working capital management

The Net Working Capital Investment Decision. Traditional definitions. The objective of working capital management. Defining Cash in Terms of Other Elements. The Operating Cycle and the Cash Cycle. Interpreting the Cash Cycle. Aspects of Short-Term Financial Policy. The Size of the Investment in Current Assets. Current Assets and Liabilities in Practice. Appropriate Level of Working Capital. Permanent and temporary working capital. Financing working capital. Conservative Policy Using Largely Long Term Sources. Aggressive Policy Using More Short-Term Debt. Sources of short term financing: Spontaneous Financing, Unsecured Bank Loans, Secured Loans, Commercial Paper. Short term credit secured by current assets. Cash Management. The Check Clearing Process. A Lock Box System in The Check Clearing Process. Zero Balance Accounts. Remote Disbursing. Evaluating the Cost of Cash Management Services. Managing accounts receivable. Costs of carrying inventory. Inventory management. The economic order quantity model.

Topic 5. The Time Value of Money

The concept of Time Value of Money (TVM). Using Time Value of Money for Bond valuation, Stock valuation, to Accept/reject decisions for project management, for Financial analysis of firms. Common formulas that are used in TVM calculations. Present value of a lump sum. Future value of a lump sum. Present value of a cash flow stream. Future value of a cash flow stream. Present value of an annuity. Future value of an annuity. The basic types of TVM calculations.

Topic 6. Financial Planning

Scope and objectives of Financial Planning. Techniques of financial forecasting and planning. Sales Forecasting. Trout Slayer Products. Forecast TSP's financial needs. External Funds Required

(EFR). Financing Feedback. Ways to reduce the financing needs. Managing Growth. Problems of growing too fast and growing too slow. The Sustainable Growth Cycle. What to Do When Actual Growth Exceeds Sustainable Growth.

Topic 7. Capital Budgeting Techniques

The payback period (PBP) method of project evaluation and selection, including its: calculation; acceptance criterion; advantages and disadvantages; and focus on liquidity rather than profitability. The three major discounted cash flow (DCF) methods of project evaluation and selection – internal rate of return (IRR), net present value (NPV), and profitability index (PI). The calculation, acceptance criterion, and advantages (over the PBP method) for each of the three major DCF methods. Graph called an “NPV profile.” The situations where ranking projects may be necessary. When to use either IRR, NPV, or PI rankings. Capital Rationing. Single-Point Estimate and Sensitivity Analysis. The role and process of project monitoring, including “progress reviews” and “post-completion audits”.

The list of practical classes, as well as questions and tasks for independent work is given in the table "Rating-plan of the educational discipline".

Teaching and instruction methods

The main method of teaching the discipline is an explanatory-illustrative method, which is a tool for studying theoretical material, all lectures are presented in the form of presentations using Microsoft PowerPoint. Methods are also used to achieve competencies and learning outcomes: discussions (topics 1, 4); simulation of professional situations (topics 2, 3), work in small groups (topics 5), case studies (topics 2), various individual (topics 4) and group works (topic 7), work with sources of statistical information and regulatory acts (topics 2, 6).

Assessment system of learning outcomes

Assessment of the results of the study of the educational discipline “Business finance management” is carried out on a cumulative (100-point) system assessment. Assessment is carried out on the following types of control:

current control – is carried out during the semester during the lectures, practical classes and estimated by the amount of points scored (maximum score – 60 points, minimum score that allows the student to get credit – 35 points);

final/semester control – is conducted in the form of an exam in accordance with the schedule of the educational process (maximum score – 40 points, minimum score that allows the student to pass exam – 25 points).

Current control includes assessment of students’ knowledge during practical classes and performance of competency-oriented tasks, presentation, individual tasks, current control work, colloquiums according to the following criteria:

the maximum number of points during practical classes is 10 points;

completion of individual tasks by a student will allow to accumulate 18 points;

the current control work is estimated at 8 points;

a presentation based on the results of a situation simulation involves receiving 8 points.

writing colloquiums – final control works for the course will allow to get 16 points.

Final / semester control of students' knowledge and competencies in the discipline is carried out in the form of an exam, the task of which is to check the student's understanding of the program material as a whole, logic and relationships between individual sections, ability to creatively use accumulated knowledge, problems of academic discipline, etc.

The exam consists of: one stereotypical task, one diagnostic task, one heuristic task. The assessment of students’ knowledge during exam is carried out according to the following criteria:

stereotypical task (maximum score is 7 points). A score of 7 points is given if the task was completed correctly. A grade of 0 points is given to a student who gave an incorrect answer;

diagnostic task (maximum score is 11 points). A score of 11 points is given for a complete and detailed solution to a practical situation. At the same time, correct conclusions should be made regarding the proposed situation. The design of the completed task should be neat. A score of 5 points is given for 50% of the practical task; provided that the student demonstrated the ability to diagnose a financial problem, but was unable to determine its possible consequences;

heuristic task (maximum score is 15 points). A score of 15-14 points is given for the proposed solution to the financial situation and the corresponding conclusions. The decision should be developed and fully commented. The design of the answer should be neat, logical and consistent. An assessment of 13-10 points is given on the condition that all the requirements for the assessment of "15 points" are fulfilled, but in the presence of minor errors (that is, the methodical approach to solving the task is correct, but inaccuracies were made in the calculations of certain indicators) or not quite complete conclusions. The design of the completed task should be neat. A grade of 9-6 points is given if 70% of the task is completed, but the student was completely unable to analyze financial figures, or there are significant errors in the analysis. A grade of 5-3 points is given to a student who cannot complete the entire task completely correctly or does not give any comments on the progress of the task. However, at the same time, 50% of the calculations are carried out correctly, and relevant theoretical knowledge is available. A grade of 2-1 points is given to a student who took the initial steps to solve a financial problem, but could not cope and made significant theoretical and practical errors at the beginning of the analysis.

The final score for the exam is defined as the sum of points for the results of student success in the all tasks. The maximal score for the exam is 40 points, the minimal score for pass exam successfully is 25 points.

Forms of assessment and distribution of points are given in the table "Rating-plan of the educational discipline".

Rating-plan of the educational discipline

Topic	Forms and types of education		Forms of evaluation	Max points
Topic 1	<i>Classroom work</i>			
	Lecture	Lecture on the topic questions: 1.1. Definition of finance and business finance management. 1.2. Financial management and company goals.	Work on lecture	
	<i>Individual work</i>			
	Questions and tasks for the individual work	Elaboration of the lecture material, preparation for practice and presentation.	Checking readiness for practical classes	
Topic 2	<i>Classroom work</i>			
	Lecture	Lecture on the topic questions: 2.1. Basic financial statements. 2.2. Technology of financial analysis.	Work on lecture	
	Practical class	Practical class on the topic: "Financial management support system"	Discussion	
	Practical class	Mini-presentation of a case study on the choice of organizational form and sources of funding for a new business	Presentation	8
	<i>Individual work</i>			
	Questions and tasks for the individual work	Elaboration of the lecture material, preparation for practice and presentation.	Checking readiness for practical classes	
	<i>Classroom work</i>			
	Lecture	Lecture on the topic questions: 3.1. Determining the break-even point by different methods.	Work on lecture	

Topic	Forms and types of education		Forms of evaluation	Max points
		3.2. The role of CVP analysis in decision-making.		
Topic 3	Practical class	Solving practical tasks for the application of the CVP method, determining the gross margin, operating leverage, break-even point, financial stability reserve	Competence-oriented task	5
	<i>Individual work</i>			
	Questions and tasks for the individual work	Elaboration of the lecture material, preparation for practice and presentation.	Checking readiness for practical classes	
Topic 4	<i>Classroom work</i>			
	Lecture	Lecture on the topic questions: 4.1. Decision on investments in net working capital. 4.2. Financial policy. 4.3. Accounts receivable management.	Work on lecture	
	Practical class	Solving practical tasks on the application of CVP analysis and analysis of working capital	Written control work	8
	<i>Individual work</i>			
	Questions and tasks for the individual work	Elaboration of the lecture material, preparation for practice and presentation.	Checking readiness for practical classes	
Topic 5	<i>Classroom work</i>			
	Lecture	Lecture on the topic questions: 5.1. Calculation of simple and compound interest. 5.2. Consideration of the risk factor in financial calculations. 5.3. Estimation of the value of cash flows.	Work on lecture	
	Practical class	Solving practical tasks on determining the time value of money	Competence-oriented task	
	<i>Individual work</i>			
	Questions and tasks for the individual work	Elaboration of the lecture material, preparation for practice and presentation.	Checking readiness for practical classes	
Topic 6	<i>Classroom work</i>			
	Lecture	Lecture on the topic questions: 6.1. Methods of financial forecasting and planning. 6.2. Budgeting and its essence.	Work on lecture	
	Practical class	Colloquium	Colloquium	8
	Practical class	Solving practical tasks regarding the definition of types of financial policy for the management of current assets and liabilities	Competence-oriented task	
	<i>Individual work</i>			
	Questions and tasks for the individual work	Elaboration of the lecture material, preparation for practice and presentation.	Checking readiness for practical classes	
Topic 7	<i>Classroom work</i>			
	Lecture	Lecture on the topic questions: 7.1. Forms of real investments and features of their management. 7.2. Methods of evaluating the effectiveness of investment projects.	Work on lecture	

Topic	Forms and types of education		Forms of evaluation	Max points
	Practical class	Solving practical tasks regarding the calculation of simple and compound interest, determining the net rate and the gross rate of the credit agreement	Competence-oriented task	5
Topic 7	Lecture	Lecture on the topic questions: 7.3. The procedure for developing the capital investment budget. 7.4. Management of capital investment funding sources.	Work on lecture	
	Practical class	Solving practical tasks related to drawing up budgets, determining the main financial indicators of budgets	Competence-oriented task	
	Practical class	Individual task on comprehensive analysis of the company	Individual task	18
	Practical class	Solving practical tasks related to the systemic analysis of the external and internal environment of the organization	Colloquium	8
	Individual work			
	Questions and tasks for the individual work	Elaboration of the lecture material, preparation for practice and presentation.	Checking readiness for practical classes	
	Exam	Completing the tasks of the examination	Final control	40
Total maximum number of points for the discipline				100

Recommended books and resources

Main

1. Block S., Hirt G., Danielsen B. Foundations of Financial Management. 17th Edition. Mc Graw Hill, 2019.
2. Ehrhardt M., Fox R., Brigham E. Financial Management : Theory and Practice. London: EMEA, 2019. 656 p.

Additional

3. Aravind M. Principles of Financial Management: Practice and Decisions. Viva Books Private Limited, 2019. 408 p.
4. Tennent J. The Economist Guide to Financial Management: Principles and practice (Economist Books). 2014. 368 p.

Information resources

5. Chmutova I. Business Finance management [Electronic resource]. PNS page of Simon Kuznets Kharkiv national university of economics. Access mode: <https://pns.hneu.edu.ua/course/view.php?id=2823>.