

POSTGRADUATE STUDIES

ACCOUNTING AND AUDITING PROGRAM

COURSE: **Financial management**

**Professor: Sasho Arsov, Ph.D., CFA**

**Aleksandar Naumoski, Ph.D.**

**Course objectives (competences):**

After the completion of the course, the students should be able to:

1. Analyze and assess the financial condition of the company through a computation of a set of financial ratios and interpretation of the obtained results.
2. Prepare pro-forma (planned) financial statements and use them in making financial decisions.
3. Implement the basic capital budgeting techniques and assess the efficiency of the proposed investment projects.
4. Understand the features of the various types of securities used as sources of long-term financing and estimate their respective values.
5. Use the generally accepted valuation concepts to estimate the cost of capital from different sources, as well as the average cost of capital.
6. Understand and analyze the impact of the different types of dividend policy on the achievement of the financial management objectives on the basis of the known theoretical postulates and practical experience.

**S Y L L A B U S**

1. An overview of financial management
  - Goal of the company
  - Agency relations
2. Accounting for financial management
  - Financial statements
  - Modified accounting and financial data
    - Free cash flow
    - MVA
    - EVA

3. Risk and return
  - Investment returns
  - Risk in portfolio context
  - Systematic risk and beta
  - CAPM
  - Optimal portfolio
4. Valuation
  - Bond valuation
    - Characteristics of bonds
    - Valuation
    - Bond yields
  - Stock valuation
    - Characteristics of stocks
    - Dividend discount models
    - Valuation using market multiples
5. Cost of capital
  - Cost of debt
  - Cost of preferred stock
  - Cost of common stock
  - WACC
6. Capital structure
  - Capital structure theory
  - Determining the optimal capital structure
7. Dividend policy
  - Determinants of dividend policy
  - Stock dividends
  - Stock splits
  - Stock repurchases
8. Initial Public Offerings
  - The decision to go public
  - The process of going public
  - The decision to go private
9. Working capital management
  - Working capital
  - Cash management
  - Inventory management
  - Receivables management
10. Short-term financing
  - Sources of short term financing
  - Alternative financing policies
11. Mergers and acquisitions
  - Rationale for mergers

- Types of mergers
- Merger regulation
- Merger analysis
- Corporate alliances
- Holding companies

**Readings:**

Brigham, E., P. Daves (2019), *Intermediate Financial Management*, South-Western  
*Case studies, Journal articles*