

University of Debrecen
Faculty of Economics and Business Administration

Institutions of Accounting Finance

Financial Management

AV-IDT-AE018

(5) Credits

Lectures and Consultations

Academic year of 2016/2017

Prerequisites: -

for PhD Students

TEACHING OBJECTIVE

The course will provide for the PhD students several applications of Financial Management: why do Capital Structures differ across industries, how Capital Structure Theory, Cash Distribution and Working Capital Policies work in practice, and does the Dividend Policy Matter. By the end of this course students should be able to determine how much the value of the companies is in practice. They also could understand some policy implications regarding the valuation process.

COURSE REQUIREMENTS

Students will have to take an Assignment during the semester. Failed exam can be rewritten as regulated by the Statutes of Examination and Teaching. Class work and attendance are required.

SCHEDULE

Lecture	Date	Topic	Readings
Week 1	(10.00-12.00)	Determining the requirements of the course. Introduction to Applications of Financial Management. Financial Management Theories.	prerequisite readings [1] Ch 1.-6.
Week 2	(8.00-12.00)	Introduction to Risk and Return, Capital Market Theory What Determines Stock Prices? Portfolio Risk and Return Security Market Line and CAPM	[1] Ch. 7. [1] Ch. 8.
Week 3	(8.00-12.00)	Cost of Capital (Firm's Capital Structure Weights) Capital Structure Policy: A Glance at Capital Choices in Practice. Capital Structure Theory Why do Capital Structures Differ Across Countries?	[1] Ch. 14. [1] Ch. 15.
Week 4	(8.00-12.00)	Dividend Policy: How do Firms Distribute Cash to their Shareholders? Does the Dividend Policy Matter? Cash Distribution Policies in Practice. Valuation of a Concrete Company with Policy Implications.	[1] Ch. 16. [10]
Assignment	(10.00-12.00)	Presentation.	

Required reading:

[1] Titman, S. – Martin, J. D. – Keown [2010]: Financial Management: Principles and Applications, Eleventh Edition, Pearson Prentice Hall, and possible mini cases, handouts etc.

Suggested reading:

[2] Block, B. S. - Hirt, G. A.: Foundations of Financial Management, Mcgraw-Hill/Irwin, 2001.

[3] Brayshaw, R. E.: The Concise Guide to Company Finance and its Management, Chapman&Hall, 1995.

[4] Brealey, R. A. - Myers, S. C. - Allen, F.: Principles of Corporate Finance, 2008.

- [5] Brigham, E. F. - Ehrhardt, M. C.: Financial Management, Theory and Practice, Harcourt College Publishers, 2002.
- [6] Miles, J. A. and Ezzel, J. R. The Weighted Average Cost of Capital, perfect Capital Markets and Project life: a clarification. *Journal of Financial and Quantitative analysis* (15): 719-730.
- [7] Modigliani F. and Miller, M. H. The Cost of Capital, Corporate Finance and the Theory of Investment, *American Economic Review*, (48): 261-297, 1958
- [8] Modigliani F. and Miller, M. H. Corporate Income Taxes and the Cost of Capital, *American Economic Review*, (53): 433-443, 1963
- [9] Ruback, R. S. Capital Cash Flows: A Simple Approach to Valuing Risky Cash Flows: *Financial Management* (Summer): 85-103.
- [10] Schauten M. B. J. Three Discount Methods for Valuing Projects and the Required Return on Equity, 2011

Databases and other useful links:

Yahoo: <http://finance.yahoo.com>

BÉT: <https://www.bse.hu/>

E-beszámoló: http://e-beszamolo.im.gov.hu/oldal/beszamolo_kereses

FRED: <https://fred.stlouisfed.org/>

Damodaran: <http://pages.stern.nyu.edu/~adamodar/>

GRADING

The exam (presentation) evaluated according to the following grading schedule:

0 - 50% – 1

50% - 60% – 2

60% - 70% – 3

70% - 80% – 4

80% - 100% – 5

TEACHER

Domicián Máté, PhD

Assistant Professor (Department of Controlling)

Contacts:

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For questions concerning the requirements of the course students should consult the Statutes of Examination and Teaching, and the Ethical Code of the University of Debrecen.