Content

Course Code	Course Name	Semester	Theory	Practice	Lab	Credit	ECTS
LFM 511	Advanced Financial Management	1	3	0	0	3	6

Prerequisites	
Admission Requirements	

Language of Instruction	English
Course Type	Compulsory
Course Level	Masters Degree
Objective	The objective of the course is to review the fundamental concepts and techniques of financial management such as financial planning, valuation of corporate securities, capital budgeting, portfolio theory, and financial derivatives. A basic knowledge of these techniques is essential for proper decision making and improving the financial performance of firms.
Content	- Overview of financial statements - Sources and uses statement - Cash flow statement - Inflation and the assessment of company performance - Financial ratio analysis - Liquidity ratios - Asset management ratios - Debt management ratios - Profitability ratios - Market value ratios - Du Pont system - Uses and limitations of ratio analysis - Financial forecasting - The percentage of sales method - Financial planning - Breakeven analysis - Degree of operating leverage - Degree of financial leverage - Degree of total leverage - Time value of money - Risk and rates of return - Defining and measuring risk - Relationship between risk and rates of return - Diversification and portfolio risk - Markowitz portfolio selection model - Capital asset pricing model (CAPM) - Basics of arbitrage pricing theory (APT) - Global Bond Markets - Bond and stock valuation - Bond valuation - Common stock valuation - Methods of portfolio performance evaluation - Capital budgeting techniques - Cost of capital - Value at risk (VaR) - Introduction to financial derivatives - Basics of options markets - Option contract - Call options - Put options - Option strategies - Fundamentals of option valuation
References	Weston, J.F., Brigham, E.F., Essentials of Managerial Finance, Ninth Edition, The Dryden Press, 1990. Zutter, C.J., Smart, S.B., Principles of Managerial Finance, Fifteenth edition, Pearson, 2019.

Theory Topics

Week	Weekly Contents
1	Introduction and organization, Overview of financial statements.
2	Sources and uses statement, Cash flow statement, Inflation and the assessment of company performance.
3	Financial ratio analysis: Liquidity ratios, Asset management ratios, Debt management ratios, Profitability ratios, Market value ratios, Du Pont system, Uses and limitations of ratio analysis.
4	Financial forecasting, The percentage of sales method, Financial planning, Breakeven analysis, Degree of operating leverage, Degree of financial leverage, Degree of total leverage.
5	Time value of money, Risk and rates of return: Defining and measuring risk, Relationship between risk and rates of return, Diversification and portfolio risk.
6	Markowitz portfolio selection model.
7	Capital asset pricing model (CAPM), Basics of arbitrage pricing theory (APT), Global bond markets.
8	Midterm Exam
9	Bond and stock valuation: Bond valuation, Common stock valuation
10	Methods of portfolio performance evaluation, Capital budgeting techniques.
11	Cost of capital, Value at risk (VaR).
12	Introduction to financial derivatives, Basics of options markets: Option contract, Call options, Put options, Option strategies.
13	Fundamentals of option valuation.
14	Project presentations.