



COURSE DESCRIPTION

Financial Management and Controlling

Academic year 2026-2027

1. Programme-related data

1.1. Higher Education Institution	Babeș-Bolyai University
1.2. Faculty	Business
1.3. Department	Business
1.4. Field	Business Administration
1.5. Level of study	Master
1.6. Degree programme / Qualification	International Business Administration/Master
1.7. Form of education	Full time

2. Information regarding the discipline

2.1. Name of the discipline	Financial Management and Controlling			Codul disciplinei	IME0003
2.2. Course coordinator	Assoc.prof. Ioan Alin NISTOR, PhD				
2.3. Seminar coordinator	Assoc.prof. Ioan Alin NISTOR, PhD				
2.4. Year of study	1	2.5. Semester	2	2.6. Type of assessment	Exam
2.7. Course status	Compulsory			2.8. Course type	Specialisation subject

3. Total estimated time (hours per semester of teaching activities)

3.1. Number of hours per week	3	of which: 3.2. course	2	3.3. seminar/ laboratory/ project	1
3.4. Total of hours in the curriculum	42	of which: 3.5. course	28	3.6. seminar/ laboratory	14
Time allocation for individual study (IS) and self-taught activities (ST)					hours
Learning from textbooks, course materials, bibliography, and notes (IS)					28
Additional research in the library, on subject-specific electronic platforms, and on-site					28
Preparing seminars/ laboratories/ projects, assignments, reports, portfolios, and essays					28
Tutoring (professional guidance)					2
Examinations					2
Other activities					18
3.7. Total hours of individual study (IS) and self-taught activities (ST)				108	
3.8. Total hours per semester				150	
3.9. Number of credits				6	

4. Prerequisites (where applicable)

4.1. curriculum-related	
4.2. skills-related	

5. Specific conditions (where applicable)

5.1. course-related	classroom with computer and projector;
5.2. seminar/laboratory-related	classroom with computer and projector;

6.1. Competencies resulting from the completion of the degree programme

Professional competencies	
Competency code	Competency
PC1	In-depth knowledge and systematic use of the set of information resulting from the theoretical, methodological, legislative, and practical developments specific to business administration at international level
PC2	Higher ability to substantiate and assess strategies and decision alternatives, as well as their selection and implementation in business administration at international level/ within multinational corporations
Transversal competencies	
Competency code	Competency
TC1	Promoting the principles, norms and values of professional ethics in conditions of professional autonomy and independence
TC3	Using the opportunities offered by life-long learning for continuous adaptation to changes in the business environment

6.2. Learning outcomes relevant to the degree programme

Learning outcomes targeted by the subject		
Competency code	Knowledge and comprehension	Specific academic skills
PC1 PC2 TC1 TC3	1. The student/graduate has complex knowledge of accounting, processing, and analysis of economic and financial information required for effective organization and management of units.	1. The student/graduate has the necessary skills to ethically use methods and techniques specific to the financial-accounting management of an enterprise as a whole

7. Subject-specific learning outcomes

Knowledge and understanding
1. The student/graduate knows how to interpret key lines and indicators in financial statements
Specific academic skills
1. The student/graduate extracts the most important information from the financial statements according to needs and integrates this information into the development of the department's plans

8. Contents

8.1. Course	Teaching and learning methods	Remarks
FINANCIAL MANAGEMENT FUNCTION		
The nature and purpose of financial management Financial objectives and the relationship with corporate strategy	interactive discussion, applications, case studies	• Explain the nature and purpose of financial management • Explain the relationship between financial management and financial and management accounting • Discuss the relationship between financial objectives, corporate objectives and corporate strategy • Identify and describe a variety of financial objectives

Stakeholders and impact on corporate objectives Financial and other objectives in not-for-profit organisations	interactive discussion, applications, case studies	• Identify the range of stakeholders and their objectives • Discuss the possible conflict between stakeholder objectives • Discuss the role of management in meeting stakeholder objectives, including the application of agency theory • Describe and apply ways of measuring achievement of corporate objectives (Ratio analysis, changes in dividends and share prices as part of total shareholders return) • Explain ways to encourage the achievement of stakeholder objectives • Discuss the impact of not-for-profit status on financial and other objectives • Discuss the nature and importance of Value for Money as an objective in not-for-profit organisations • Discuss ways of measuring the achievement of objectives in not-for-profit organisations
FINANCIAL MANAGEMENT ENVIRONMENT		
The economic environment for business	interactive discussion, applications, case studies	• Identify and explain the main macroeconomic policy targets • Define and discuss the role of fiscal, monetary, interest rate and exchange rate policies in achieving macroeconomic policy targets • Explain how government economic policy interacts with planning and decision-making in business • Explain the need for, and the interaction with, planning and decision-making in business of: competition policy; government assistance for business; green policies; corporate governance regulation
The nature and role of financial markets and institutions The nature and role of money market	interactive discussion, applications, case studies	• Identify the nature and role of money and capital markets, both nationally and internationally • Explain the role of financial intermediaries • Explain the functions of a

		stock market and a corporate bond market • Explain the nature and features of different securities in relation to the risk/return tradeoff. • Describe the role of the money markets in providing short-term liquidity to the private sector and the public sector; providing short-term trade finance; allowing an organisation to manage its exposure to foreign currency risk and interest rate risk. • Explain the role of banks and other financial institutions in the operation of the money markets
WORKING CAPITAL MANAGEMENT		
The nature, elements and importance of working capital Management of inventories, accounts receivable, accounts payable and cash	interactive discussion, applications, case studies	• Describe the nature of working capital and identify its elements • Identify the objectives of working capital • management in terms of liquidity and profitability, and discuss the conflict between them • Discuss the central role of working capital management in financial management • Explain the cash operating cycle and the role of accounts payable and accounts receivable • Explain and apply relevant accounting ratios, including: (Current and Quick Ratio; Inventory turnover ration, sales revenue/net working capital ration) • Discuss, apply and evaluate the use of relevant techniques in managing inventory, including the Economic Order Quantity model and Justin-Time techniques • Discuss, apply and evaluate the use of relevant techniques in managing accounts receivable, including: (assessing creditworthiness, managing accounts receivable, collecting amounts owing, offering early settlement discounts, using factoring and invoice discounting, managing foreign accounts

		receivables) • Discuss and apply the use of relevant techniques in managing accounts payable, including: using trade credit effectively; evaluating the benefits of discounts for early settlement and bulk purchase; managing foreign accounts payable • Explain the various reasons for holding cash, and discuss and apply the use of relevant techniques in managing cash
Determining working capital needs and funding strategies	interactive discussion, applications, case studies	• Calculate the level of working capital investment in current assets and discuss the key factors determining this level, including the length of the working capital cycle and terms of trade; an organization's policy on the level of investment in current assets; the industry in which the organisations operates • Describe and discuss the key factors in determining working capital funding strategies, including the distinction between permanent and fluctuating current assets; the relative cost and risk of short-term and long-term finance; the matching principle; the relative cost and benefits of aggressive, conservative and matching funding principles; managing attitudes to risk, previous funding decisions and organisation size.
INVESTMENT APPRAISAL		
Investment appraisal techniques Allowing for inflation and taxation in DCF Adjusting for risk and uncertainty in investment appraisal	interactive discussion, applications, case studies	• Identify and calculate relevant cash flows for investment projects • Calculate payback period and discuss the usefulness of payback as an investment appraisal method • Calculate discounted payback and discuss its usefulness as an investment appraisal method • Calculate return on capital employed (accounting rate of return) and discuss its usefulness as an investment appraisal method • Calculate net present value and discuss its usefulness as an investment appraisal

		method • Calculate internal rate of return and discuss its usefulness as an investment appraisal method • Discuss the superiority of discounted cash flow (DCF) methods over non-DCF methods • Apply and discuss the real-terms and nominal terms approaches to investment appraisal • Calculate the taxation effects of relevant cash flows, including the tax benefits of tax allowable depreciation and the tax liabilities of taxable profit • Calculate and apply before-and after-tax discount rate • Describe and discuss the difference between risk and uncertainty in relation to probabilities and increasing project life • Apply sensitivity analysis to investment projects and discuss the usefulness of sensitivity analysis in assisting investment decisions • Apply probability analysis to investment projects and discuss the usefulness of probability analysis in assisting investment decisions • Apply and discuss other techniques of adjusting for risk and uncertainty in investment appraisal (simulation, adjusted payback, risk-adjusted discount rates)
Specific investment decisions (Lease or buy; asset replacement; capital rationing)	interactive discussion, applications, case studies	• Evaluate leasing and borrowing to buy using the before-and after-tax costs of debt • Evaluate asset replacement decisions using equivalent annual cost and equivalent annual benefit • Evaluate investment decisions under single period capital rationing, including: the calculation of profitability indexes for divisible investment projects; the calculation of the NPV of combinations of non-

		divisible investment projects; a discussion of the reasons for capital rationing
BUSINESS FINANCE		
Sources of and raising business finance Estimating the cost of capital	interactive discussion, applications, case studies	• Identify and discuss the range of short-term sources of finance available to businesses (overdraft, short-term loan, trade credit, lease finance) • Identify and discuss the range of long-term sources of finance available to businesses (equity finance, debt finance, lease finance, venture capital) • Identify and discuss methods of raising equity finance (rights issue, placing, public offer, stock exchange listing) • Identify and discuss internal sources of finance (retained earnings, increasing working capital management efficiency, relationship between dividend policy and financing decision, theoretical approaches to and the practical influences on, the dividend decision, including legal constraints, liquidity, shareholding expectations and alternatives to cash dividends) • Estimate the cost of equity (Application of the dividend growth model and discussion of its weaknesses; Explanation and discussion of systematic and unsystematic risk; Relationship between portfolio theory and the capital asset pricing model (CAPM); Application of the CAPM, its assumptions, advantages and disadvantages its) • Estimating the cost of debt • Estimating the overall cost of capital
Sources of finance and their relative costs Capital structure theories and practical considerations	interactive discussion, applications, case studies	• Describe the relative risk-return relationship and the relative costs of equity and debt • Describe the creditor hierarchy and its connection with the relative costs of sources of finance • Identify and discuss the problem of high levels of

		gearing • Assess the impact of sources of finance on financial position, financial risk and shareholder wealth using appropriate measures, • Impact of cost of capital on investments • Describe the traditional view of capital structure and its assumptions • Describe the views of Miller and Modigliani on capital structure, both without and with corporate taxation, and their assumptions • Identify a range of capital market imperfections and describe their impact on the views of Miller and Modigliani on capital structure Explain the relevance of pecking order theory to the selection of sources of finance • Describe the financing needs of small businesses • Describe the nature of the financing problem for small businesses in terms of the funding gap, the maturity gap and inadequate security • Explain measures that may be taken to ease the financing problems of SMEs, including the responses of government departments and financial institutions • Identify and evaluate the financial impact of sources of finance for SMEs (Business angel financing, Government assistance, Supply chain financing, Crowdfunding / peer-to-peer funding)
BUSINESS VALUATIONS		
Nature and purpose of the valuation of business and financial assets Models for the valuation of shares The valuation of debt and other financial assets	interactive discussion, applications, case studies	• Identify and discuss reasons for valuing businesses and financial assets • Identify information requirements for valuation and discuss the limitations of different types of information • Asset-based valuation models, including net book value (statement of financial position) basis, net realisable value basis, net replacement cost basis. • Income-based valuation models, including:

		price/earnings ratio method; earnings yield method. • Cash flow-based valuation models, including: dividend valuation model and the dividend growth model; discounted cash flow basis • Apply appropriate valuation methods to irredeemable debt; redeemable debt; convertible debt; preference shares.
Efficient market hypothesis (EMH) and practical considerations in the valuation of shares	interactive discussion, applications, case studies	• Distinguish between and discuss weak form efficiency, semi-strong form efficiency and strong form efficiency; • Discuss practical considerations in the valuation of shares and businesses, including marketability and liquidity of shares, availability and sources of information, market imperfections and pricing anomalies market capitalisation. • Describe the significance of investor speculation and the explanations of investor decisions offered by behavioural finance.
RISK MANAGEMENT		
The nature and types of risk and approaches to risk management Causes of exchange rate differences and interest rate fluctuations	interactive discussion, applications, case studies	• Describe and discuss different types of foreign currency risk: translation risk, transaction risk and economic risk. • Describe and discuss different types of interest rate risk: gap exposure and basis risk. • Describe the causes of exchange rate fluctuations, including: balance of payments, purchasing power parity theory, interest rate parity theory and four-way equivalence. • Forecast exchange rates using: purchasing power parity and interest rate parity; • Describe the causes of interest rate fluctuations, including: structure of interest rates and yield curves, expectations theory, liquidity preference theory, market segmentation.
Hedging techniques for foreign currency risk Hedging techniques for interest rate risk	interactive discussion, applications, case studies	• Discuss and apply traditional and basic methods of foreign

		currency risk management, including currency of invoice; netting and matching, leading and lagging, forward exchange contracts, money market hedging, asset and liability management. • Compare and evaluate traditional methods of foreign currency risk management. • Identify the main types of foreign currency derivatives used to hedge foreign currency risk and explain how they are used in hedging.
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Bibliography

1. Eugene F. Brigham, Michael C. Ehrhardt, *Financial Management: Theory & Practice* - 15th Edition, Cengage Learning; 2020
2. Greg Shields, Risk Management: *The Ultimate Guide to Financial Risk Management as Applied to Corporate Finance*, Bravex Publications, 2020
3. Stephen Ross, Randolph Westerfield, Bradford Jordan; *Essentials of Corporate Finance*, McGraw-Hill Education; 10 edition, 2019
4. Paul Asquith, Lawrence A. Weiss, *Lessons in Corporate Finance: A Case Studies Approach to Financial Tools, Financial Policies, and Valuation*, Wiley; 2 edition, 2019
5. The Economist, John Tennent, *Guide to Financial Management: Understand and Improve the Bottom Line*, The Economist; 3 edition, 2018
6. John Cousins, *Understanding Corporate Finance*, Independently published, 2017
7. Charles Menifield, *The Basics of Public Budgeting and Financial Management*, Third Edition, Hamilton Books; 3rd edition, 2017
8. Jesse McDougall and Patrick Boyle, *Corporate Finance: Investment and Advisory Applications*, CreateSpace Independent Publishing Platform, 2017
9. David K. Eiteman, Arthur I. Stonehill, Michael H. Moffett, *Multinational Business Finance, Global Edition*, Pearson; 14 edition, 2015
10. Raymond Brooks, *Financial Management: Core Concepts* (3rd Edition), Pearson; 3 edition, 2015
11. Warren E. Buffett, Lawrence A. Cunningham, *The Essays of Warren Buffett: Lessons for Corporate America*, The Cunningham Group & Carolina Academic Press; Fourth edition, 2015
12. Eugene F. Brigham, Joel F. Houston, *Fundamentals of Financial Management*, Cengage Learning; 8 edition, 2014
13. Simon Benninga, *Financial Modeling*, The MIT Press; fourth edition edition, 2014
14. Aswath Damodaran, *Applied Corporate Finance*, Wiley; 4 edition, 2014
15. Carl Richards, *The Behavior Gap: Simple Ways to Stop Doing Dumb Things with Money*, Portfolio; First Edition, 1st Printing edition, 2012
16. Stephen A. Ross, Randolph W. Westerfield, Jeffrey F. Jaffe, *Corporate Finance*, Irwin Series in Finance, 2011
17. Stanley J., Feldman, *Principles of Private Firm Valuation*, Wiley; 1 edition, 2005
18. George S. Clason, *The Richest Man in Babylon*, Publisher: Berkley Revised edition, 2002

8.2. Seminar/ laboratory	Teaching and learning methods	Remarks
Financial management function	interactive discussion, applications, case studies	2 seminars
Financial management environment	interactive discussion, applications, case studies	2 seminars
Working capital management	interactive discussion, applications, case studies	2 seminars
Investment appraisal	interactive discussion, applications, case studies	2 seminars
Business finance	interactive discussion, applications, case studies	2 seminars

Business valuations	interactive discussion, applications, case studies	2 seminars
Risk management	interactive discussion, applications, case studies	2 seminars

Bibliography

1. Eugene F. Brigham, Michael C. Ehrhardt, *Financial Management: Theory & Practice* - 15th Edition, Cengage Learning; 2020
2. Greg Shields, Risk Management: *The Ultimate Guide to Financial Risk Management as Applied to Corporate Finance*, Bravex Publications, 2020
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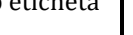
9. Evaluation

- The same evaluation criteria are maintained for all exams sessions. The components of the evaluation process carried out during the semester cannot be recovered/redone in the examination sessions.
- To be able to accumulate the points obtained during the semester, it is mandatory to obtain a minimum of 5 (five) in the final exam (written/oral).

Type of activity	9.1 Evaluation criteria	9.2 Evaluation methods	9.3 Percentage in the final grade
9.4. Course	Understanding and interpretation of key financial statements and financial indicators	Final exam (during the exam session)	60%
	Analysis of financial management decisions related to working capital, investments and financing		
	Application of valuation and investment appraisal techniques in business decision-making		
	Evaluation of financial risks and their impact on firm performance		

9.5. Seminar/ laboratory	Extraction and interpretation of relevant financial information from financial statements	Projects, reports (during the semester)	40%
	Application of financial analysis techniques to practical cases and business scenarios		
	Formulation and justification of financial decisions regarding investments, financing and risk management		
	Integration of financial information into business planning and controlling activities		
9.6 Minimum standard for passing			
For the minimum grade (5), the student must demonstrate: - the ability to identify and interpret the main elements of financial statements; - the ability to use basic financial indicators in analysing business performance; - the ability to formulate simple financial conclusions based on available information.			

10. SDG labels (Sustainable Development Goals)

		Sustainable Development Generic Label						
								
								Nu se aplică nici o etichetă
								

Date of entry:

22.05.2026

Signature of course coordinator

Ioan Alin NISTOR, PhD

Signature of seminar coordinator

Ioan Alin NISTOR, PhD

Date of approval in the department:

27.05.2026

Signature of the head of department

Prof. Ioan Cristian CHIFU, PhD