



PRINCIPLES OF FINANCE

Course code	<i>FIN114</i>
Course title	<i>Principles of Finance</i>
Course type	<i>Compulsory</i>
Study level	<i>1st</i>
Department	<i>Bachelor studies</i>
Year of study	<i>1st</i>
Semester	<i>Autumn</i>
Number of credits	<i>6 credits: 24 hrs.- lectures, 24 hrs- seminars, 112 hrs.- self-study, 2 hrs.- consultations</i>
ECTS	<i>6</i>
Coordinating lecturer	<i>Dmitrij Katkov</i>
Study form	<i>Full-time</i>
Course prerequisites	<i>None</i>
Language of instruction	<i>English</i>

Annotation

This is an introductory course in finance. Course objective is to provide students with the basic knowledge in finance and to form the background for further related studies. Course presents students with an overview of financial concepts, terminology, and principles, introduces to the financial management methods applicable to the personal and business practices (including SMEs and companies). Course covers basic financial theories, and their relevance to the financial management and investments. Introduction to finance course combines theory with practical examples, using case discussions and simulations.

Aim of the course

The course objective is to introduce students to the main elements, methods and principles of finance. It will provide basic knowledge and skills applicable to personal and managerial finance. Course starts with a general overview of finance, introduces to financial concepts, instruments, and techniques used in financial decision making. The first part of the course focuses on basic financial data, financial statements, cash flows, also main financial concepts as time value of money, risk and return, interest rates. The second part of the course deals with financial management.

Subject learning outcomes (SLO)	Study methods	Assessment methods
SLO1 Explain financial system elements and their activities and functions via systemic approach	Lectures, seminars, self-study	Test no2, final exam, group works
SLO2 Explain and analyse saving and investing, financial assets, interest rate concepts and their importance in financial market	Lectures, seminars, self-study	Test no1, test No2, final exam, group work1,group works.
SLO3. Analyze financial markets and their environment.	Lectures, seminars, case analysis, self-study	Test no2, final exam.
SLO4 Analyze financial planning process elements in household finance: personal financial life cycle, financial statements and ratios.		Test no1, final exam, group work
SLO5 Apply concepts of time value of money to solve various problems.	Lectures, seminars, solving exercises, self-study	Test no2, final exam, group work
SLO6 Analyze goals of the firm and role of the financial manager in financial decision making.	Lectures, seminars, individual study, self-study in groups	Final exam, group works
SLO7 Prepare and explain financial statements: Balance sheet, Income statement, Cash flow statement. Evaluate proforma financial statements and budgets.	Lectures, seminars, self-study, solving exercises	Group works , final exam



SLO8 Understand and evaluate relationships among financial decisions. Understand difference between short and long financing decisions	Lectures, seminars, self-study, exercises	Final exam, group work.
SLO9 Work in teams, present work results in writing and oral presentation.	Self-study in groups, seminars, individual study	Group works and presentations during seminars

Learning methods

The course is taught in English, it is structured as a combination of lectures, discussions, in-class activities and student presentations. It requires a substantial amount of preparation by the students and their active class participation.

Quality issues

The lecturer assures a variety of teaching and testing methods. The feedback from students is highly valued and appreciated.

Cheating issues

The teaching and testing methods are chosen in a way, that cheating opportunities are minimized, following the ISM regulations on academic ethics.

Topics:

No.	TOPIC	IN-CLASS HOURS		READINGS
		Lectures	Practice	
1	Introduction and overview of course Defining Finance Financial system: participants, market and institutions	2	2	Ch 1
2.	Financial statements	4	4	Ch2,3
3.	Financial ratios	2	2	
	Test No1	2	2	
4.	Important financial concepts – time value of money, interest rate, risk and return	2	2	Ch 4
5.	Time value: Simple and compound interest, nominal and effective interest, value of annuities	2	2	Ch 5
6.	Time value: Value of mixed streams, perpetuities, loans payments	2	2	Ch 6
	Test No2	2	2	
7.	Stocks	2	2	Handouts
8.	Bonds	2	2	Handouts
9.	Financing decisions in practice, special topics: venture capital, M&A	1	1	Ch 11, 12, 14
8	Course overview	1	1	
	Final Exam			
Total		24	24	

Individual work and assessment:

TYPE	TOPICS	TOTAL HOURS	EVALUATION, %
Midterm test	Ch 1-3	12	30
Group work	all	55	30
Final exam	Ch 1-14	35	40
Consultations	1-14	2	
Total:		112	100



Course requirements:

Every class

All assigned readings must be read before each class. You should bring calculators. Financial calculators are encouraged.

Examinations

Midterm test and exam are closed book. Students should bring calculators and can have special tables for present and future value counting.

Midterm test counts towards 30% of the final grade. It consists of multiple choice questions from theory and exercises.

The final exam counts towards 40% of the final grade. Exam consists of multiple choice questions from theory and exercises.

Group work

There will be one formal group work during the course. Tasks (that will be given at the beginning of the course and during the course) must be completed in a group up to 3 people (1-2 students do not make a group). Each group turns in a single copy of its work with the names of all contributing members listed. Group work counts towards 30% of the final grade.

Class Participation

Class attendance is recommended. Late arrivals and early departures are not allowed. Class participation is encouraged and rewarded.

Negative final grade

In case of negative final grade, students are allowed to re-sit exam. Exam retake covers all course material and the weight of retake is **70%**. Group works cannot be rewritten /retaken but their evaluation (if positive) is not annulled.

Literature:

The course will use several textbooks since none of them can cover the full topic. Additional readings will be provided over Intranet.

1. Gitman, L.J & Zutter, C.J.(2014). Principles of managerial finance.(14 ed.) Boston, MA. Prentice Hall
2. Articles and lecture notes as distributed during the class or via Intranet.