PRINCIPLES OF FINANCE

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| Course code | *FIN 114* |
| Compulsory in the programmes | *Economics and Data Analytics, International Business and Communication, Business Management and Marketing, Finance, Industrial Technology Management, Entrepreneurship and Innovation, Economics and Politics* |
| Level of studies | *Undergraduate* |
| Number of credits | *6 ECTS (48 contact hours + 2 consultation hours, 106 individual work hours)* |
| Course coordinator (title and name) | *Dmitrij Katkov, PhD, CFA* |
| Prerequisites | *None* |
| Language of instruction | *English* |

**THE 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.

**MAPPING OF COURSE LEVEL LEARNING OUTCOMES (OBJECTIVES) WITH DEGREE LEVEL LEARNING OBJECTIVES (See Annex), ASSESMENT AND TEACHING METHODS**

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| Course level learning outcomes (objectives) | Degree level learning objectives (Number of LO) BBM | Degree level learning objectives (Number of LO) BSS | Assessment methods | Teaching methods |
| CLO1. Explain financial system elements and their activities and functions via systemic approach | BLO1.1  BLO1.2 | ELO1.1 ELO1.2 | Mid-term exam | Lectures, seminars, self-study |
| CLO2. Explain and analyse saving and investing, financial assets, interest rate concepts and their importance in financial market | BLO1.1  BLO1.2 | ELO1.1 ELO1.2 | Mid-term, final exam, group works | Lectures, seminars, self-study |
| CLO3. Analyze financial markets and their environment | BLO1.1  BLO1.2 BLO2.1 | ELO1.1 ELO1.2 ELO2.1 | Mid-term, final exam, group works | Lectures, seminars, self-study |
| SLO4 Analyze financial planning process elements in household finance: personal financial life cycle, financial statements and ratios. | BLO1.1  BLO1.2 | ELO1.1 ELO1.2 | Mid-term, final exam, group works | Lectures, seminars, self-study |
| CLO5. Apply concepts of time value of money to solve various problems | BLO1.1  BLO1.2 | ELO1.1 ELO1.2 | Mid-term, final exam, group works | Lectures, seminars, self-study, simulation |
| CLO6. Analyze goals of the firm and role of the financial manager in financial decision making | BLO1.1  BLO1.2 | ELO1.1 ELO1.2 | Mid-term, final exam, group works | Lectures, seminars, self-study |
| CLO7. Prepare and explain financial statements: Balance sheet, Income statement, Cash flow statement. Evaluate proforma financial statements and budgets. | BLO4.1 BLO4.2 BLO4.3 | ELO4.1 ELO4.2 ELO4.3 | Final exam, group works | Lectures, seminars, self-study |
| CLO8. Understand and evaluate relationships among financial decisions. Understand difference between short and long financing decisions | BLO1.1  BLO1.2 | ELO1.1 ELO1.2 | Final exam, group works | Lectures, seminars, self-study |

**ACADEMIC HONESTY AND INTEGRITY**

The ISM University of Management and Economics Code of Ethics, including cheating and plagiarism are fully applicable and will be strictly enforced in the course. Academic dishonesty, and cheating can and will lead to a report to the ISM Committee of Ethics. With regard to remote learning, ISM remind students that they are expected to adhere and maintain the same academic honesty and integrity that they would in a classroom setting.

**COURSE OUTLINE**

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| --- | --- | --- |
| **Topic** | **In-class hours** | **Readings** |
| Introduction and overview of course  Defining Finance  Financial system: participants, market and institutions | 4 | Gitman, handouts |
| Financial statements and their preparation | 4 | Gitman, handouts |
| Financial ratios | 4 | Gitman, handouts |
| Financial statement analysis | 4 | Gitman, handouts |
| Important financial concepts – time value of money, interest rate, risk and return | 4 | Gitman, handouts |
| Time value: Simple and compound interest, nominal and effective interest, value of annuities, value of mixed streams, perpetuities, loans payments | 6 | Gitman, handouts |
| Short-term financial management | 4 | Gitman, handouts |
| **Mid-term** | 2 |  |
| Bonds: terminology and valuation | 6 | Handouts |
| Stocks: terminology and valuation | 6 | Handouts |
| Cost of Capital | 4 | Handouts |
|  | **Total: 46 hours** |  |
| CONSULTATIONS | 2 |  |
| FINAL EXAM | 2 |  |

**FINAL GRADE COMPOSITION**

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| --- | --- |
| **Type of assignment** | **%** |
| *Group Components* | 20% |
| Financial Analysis Project | 20 |
| *Individual Components* | 80% |
| Mid-term examination | 40 |
| Final examination | 40 |
| **Total:** | **100** |

**DESCRIPTION AND GRADING CRITERIA OF EACH ASSIGNMENT**

**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 40% of the final grade. It consists of multiple-choice questions and problems from theory and exercises.

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

**Group work**

There will be one formal group work during the course. Tasks (that will be given during the course) mustbe completed in a group up to 5 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. Coursework counts towards 20% of the final grade.

**REQUIRED READINGS**

Gitman, L.J & Zutter, C.J.(2022). Principles of managerial finance.( 14 ed.) Boston, MA. Prentice Hall

**ADDITIONAL READINGS**

Articles and lecture notes as distributed during the class or via Intranet

**ANNEX**

**DEGREE LEVEL LEARNING OBJECTIVES**

**Learning objectives for the Bachelor of Business Management**

*Programmes:*

*International Business and Communication,*

*Business Management and Marketing,*

*Finance,*

*Industrial Technology Management,*

*Entrepreneurship and Innovation*

|  |  |
| --- | --- |
| **Learning Goals** | **Learning Objectives** |
| Students will be critical thinkers | BLO1.1. Students will be able to understand core concepts and methods in the business disciplines |
| BLO1.2. Students will be able to conduct a contextual analysis to identify a problem associated with their discipline, to generate managerial options and propose viable solutions |
| Students will be socially responsible in their related discipline | BLO2.1. Students will be knowledgeable about ethics and social responsibility |
| Students will be technology agile | BLO3.1. Students will demonstrate proficiency in common business software packages |
| BLO3.2. Students will be able to make decisions using appropriate IT tools |
| Students will be effective communicators | BLO4.1. Students will be able to communicate reasonably in different settings according to target audience tasks and situations |
| BLO4.2. Students will be able to convey their ideas effectively through an oral presentation |
| BLO4.3. Students will be able to convey their ideas effectively in a written paper |

**Learning objectives for the Bachelor of Social Science**

*Programmes:*

*Economics and Data Analytics,*

*Economics and Politics*

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| --- | --- |
| **Learning Goals** | **Learning Objectives** |
| Students will be critical thinkers | ELO1.1. Students will be able to understand core concepts and methods in the key economics disciplines |
| ELO1.2. Students will be able to identify underlying assumptions and logical consistency of causal statements |
| Students will have skills to employ economic thought for the common good | ELO2.1.Students will have a keen sense of ethical criteria for practical problem-solving |
| Students will be technology agile | ELO3.1. Students will demonstrate proficiency in common business software packages |
| ELO3.2. Students will be able to make decisions using appropriate IT tools |
| Students will be effective communicators | ELO4.1.Students will be able to communicate reasonably in different settings according to target audience tasks and situations |
| ELO4.2.Students will be able to convey their ideas effectively through an oral presentation |
| ELO4.3. Students will be able to convey their ideas effectively in a written paper |