



PRINCIPLES OF FINANCE

Course code	<i>FIN114</i>
Course title	<i>Principles of finance</i>
Type of course	<i>Main</i>
Stage of study	<i>Undergraduate</i>
Year of study	<i>1st</i>
Semester	<i>Autumn</i>
ECTS credits	<i>6: 48 hours of lectures and seminars, 112 hours of individual work, 2 hours of consultations</i>
Coordinating lecturer	<i>Dr. Asta Klimavičienė</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	Mid-term, final exam, group work
SLO2 Explain and analyse saving and investing, financial assets, interest rate concepts and their importance in financial market	Lectures, seminars, self-study	Mid-term, final exam, group work
SLO3. Analyze financial markets and their environment.	Lectures, seminars, case analysis, self-study	Mid-term, final exam.
SLO4 Analyze financial planning process elements in household finance: personal financial life cycle, financial statements and ratios.	Lectures, seminars, self-study	Mid-term, final exam, group work
SLO5 Apply concepts of time value of money to solve various problems.	Lectures, seminars, solving exercises, self-study	Mid-term, 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 work
SLO7 Analyze financial statements: balance sheet, Income statement, cash flow statement. Evaluate proforma financial statements and budgets.	Lectures, seminars, self-study, solving exercises	Group work, 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 work 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:

	TOPIC	IN-CLASS HOURS	READINGS
1	Introduction to finance	2	Ch. 1
	Financial market environment	2	Ch. 2
2	Financial statements	4	Ch. 3
3	Financial statement analysis	4	Ch. 3
4	Financial ratios	4	Ch. 3
5	Cash flow and financial planning	4	Ch. 4
6	Time value of money: concept, single amounts, annuities	4	Ch. 5
7	Time value of money: mixed streams, compounding intervals	4	Ch. 5
8	Time value of money: special applications, interest rates	4	Ch. 5,6
	MID-TERM TEST	2	
9	Bonds	4	Ch. 6
10	Stocks	4	Ch. 7
11	Risk and return	4	Ch. 8
	Financial decisions in practice	2	Handouts
	FINAL EXAM		
	Total:	48	

Individual work and assessment:

TYPE	TOTAL HOURS	EVALUATION, %
Midterm test	33	30
Coursework	35	30
Final Exam	44	40
Total:	104	100

Course requirements:

Every class

All assigned readings must be read before each class. Students should have 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 will be based on topics 1-8.



The final exam counts towards 40% of the final grade. It is a closed-book test which includes multiple choice questions and open questions..

Coursework

There will be one formal group work during the course. Tasks must be completed in a group up to 5 people (1-2 students do not make a group). Coursework must comply with ISM requirements.

Coursework counts towards 30% of the final grade.

In case of a negative final grade, students are allowed to re-sit exam. It will cover all course material. The weight of retake is **70%**. Group coursework cannot be rewritten but its 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.