

Principles of Finance
Syllabus
III 2.18
FIN-321
Specialty: 073 “Management”
Educational program “Management”

Quarter/Year: Fall/2023

Instructor: Olena Zhytkevych, PhD

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ECTS Credits: 6

US Credits: 3

Prerequisites: Managerial (Financial) Accounting

Course Description

This introductory course covers basic financial management topics, with the emphasis on financial statements analysis and DCF valuation models. Starting with a general overview, then into more details on several concepts, financial instruments and techniques used in financial decision-making. This course includes practical applications and problem-solving techniques as well as other topics. The course covers basic models of valuation of corporate capital, including pricing models for primary financial assets and investment projects analysis, capital structure and various types of corporate capital employed. Basic courses in Accounting and Statistics are required before taking this course.

Course Outcomes

Upon successful completion of this course, students will be able to:

PH3. Demonstrate knowledge of theories, methods and functions of management, modern concepts of leadership.

PH4. Demonstrate skills to identify problems and justify management decisions.

PH5. Describe the content of the functional areas of the organization.

PH6. Identify skills of search, collection and analysis of information, calculation of indicators to justify management decisions.

PH7. Demonstrate organizational design skills.

PH8. Apply management methods to ensure the effectiveness of the organization.

PH10. Have the skills to justify effective tools to motivate the staff of the organization.

PH16. Demonstrate skills of independent work, flexible thinking, openness to new knowledge, be critical and self-critical.

Competencies

3K4. Ability to apply knowledge in practical situations.

3K5. Knowledge and understanding of the subject area and understanding of professional activity.

3K11. Ability to adapt and act in a new situation.

CK1. Ability to identify and describe the characteristics of the organization.

CK2. Ability to analyze the results of the organization, to compare them with the factors of external and internal environment.

CK12. Ability to analyze and structure the problems of the organization, to form sound decisions.

Internationality: The international aspect of the discipline includes some topics dedicated to the activity of international financial institutions, foreign models of International financial flows and important business trends. This course provides students with information on multinational approaches and trends in finance, new financial instruments, financial engineering, tools used in effective financial decision making and problem solving.

Communications

For individual issues, students should contact the professor **ONLY** by given e-mail or by Moodle. In the Subject line they should put: UACUFirstNameLastName. E-mail messages will normally be answered within 24 hours.

Note! Only emails sent from the student's corporate email address will be answered.

Attention! Official and only language used for assessment activities is English. Official and only languages used for communication within the University are Ukrainian and English.

Student Responsibilities

Time Commitment

The study of technical courses is cumulative (i.e., an understanding of earlier material is necessary to grasp concepts covered later). Past experience has shown a high correlation between procrastination and low grades. Students must be committed to completing tasks on time.

Technical Aspects

The student is obliged to provide himself/herself with all the necessary technical equipment for the educational process (laptop or computer, webcam, headsets or headphones and microphone), as well as access to the Internet.

Only students signed-in with their own first and last name are allowed into video lectures in Zoom.

Grading Policy

The course is based on mastery of course outcomes. Student grades for this course will be calculated based on performance.

Note: the minimal grade to pass a subject is 60%.

Graduate Grading Guidelines

The assignment of a letter grade for a course is an indication of the student's overall success in achieving the learning outcomes for the course. The course letter grade may be viewed as a summary statement of the student's achievement in individual assessments (assignments & activities). These assessments are intended to identify for students their strengths as well

as those areas in need of improvement. Student work is assessed according to the guidelines below.

Course-level Grading guidelines:

Grade	ECTS Grade	International Grade
90% - 100%	A	5 (Excellent)
83% - 89%	B	4 (Very Good)
75% - 82%	C	4 (Good)
70% - 74%	D	3 (Good)
60% - 69%	E	3 (Acceptable)
35% - 59%	FX	Not acceptable, possible repetition of course

Criteria for grading:

ECTS grade	Requirements for the student
A	The student demonstrated a comprehensive systemic and in-depth knowledge of program material; processed basic and additional literature; obtained a solid grasp of the conceptual apparatus, methods, techniques and tools provided by the program; found creative abilities in the presentation of the educational program material both on this issue and on related modules of the course and related courses, or the student had a current control of 90-100 points
B	The student demonstrated good knowledge of program material; processed the basic literature, mastered the conceptual apparatus, methods, techniques and tools provided by the program, but with some inaccuracies
C	
D	The student showed mediocre knowledge of the core program material; learned information mainly from a lecture course or just one textbook; mastered only certain methods, techniques and tools provided by the program
E	
FX	The student has significant gaps in knowledge of the main program material; fragmentary mastered the basic concepts, techniques and tools; significant mistakes are made when using them

Maximum total possible points – 100 points incl. (Midterm and Final exam are 60% of overall evaluation, where Midterm – 20% and Final – 40%)

- Assignments / Project – 40 points (several times during the course)
- Midterm exam – 20 points
- Final exam – 40 points

Student Workload

It is assumed that for each out of 17 class sessions a student spends about 10.5 academic hours of work. This includes 3.5 academic hours of lectures with the instructor and 7

academic hours of personal work. Personal work includes essential readings, solving practical problems, homework and assignments submissions.

Please pay attention that 1 academic hour equals to 40 minutes

Assignment Format

- All work should be shown in time. If the student misses the deadline – the task is failed. Midterm covered topics from previous lectures (sessions 1-7). It included multiple choice questions and cases (problems) and took about 1 hour.
- The Final exam covered all course material and included multiple choice questions and cases (problems). It lasts for 1.5 hours. Admission to the Final exam is possible only if all the tasks of the curriculum are covered.
- After the Midterm and Final is graded a student has access to the grade only. Access to the attempt, corrects answers and information whether the answer is correct cannot be granted.

Academic dishonesty

- Academic integrity is submitting one's own work and properly acknowledging the contributions of others. Forms of academic dishonesty include:
 1. Plagiarism – submitting all or part of another's work as one's own in an academic exercise such as an examination, a computer program, or written assignment.
 2. Cheating – using or attempting to use unauthorized materials on an examination or assignment, such as using unauthorized texts or notes or improperly obtaining (or attempting to obtain) copies of an examination or answers to an examination. Including the use of artificial intelligence and pre-prepared answers to the questions of tasks is prohibited (unless otherwise specified in the task itself or allowed by the instructor).
 3. Facilitating Academic Dishonesty – helping another commit an act of dishonesty, such as substituting for an examination or completing an assignment for someone else.
 4. Fabrication – altering or transmitting, without authorization, academic information or records.

Any violation of these rules constitutes academic dishonesty and is liable to result in a failing grade and disciplinary action. In case of any academic dishonesty a student is not allowed to continue or retake the assessment activity and for the Final the unsatisfactory grade (“0”) is assigned for the course total. Cases of the academic dishonesty are not considered by the Academic Council.

Midterm and Final are valid only if they are taken on-campus (room defined by the dean's office) and on UACU's computer/laptop or online on the student's computer/laptop using Zoom and other conditions defined by the dean's office to avoid the cases of academic dishonesty. Students who will not meet this requirement will be expelled from the course with grade “0”.

In case of missed Midterm or Final exam (for a valid reason like sickness or an emergency) a request to repeat the exam is possible. Permit to repeat a midterm or final exam is done through a letter to the dean's office with request and approval of subject lecturer.

Submission or retaking of any assessment activities after deadlines are forbidden.

Submission & Return Policy

Assignments must be submitted to the professor on or before the due date indicated in the Course Schedule. The assignments submitted after the due dates receive zero points.

**** NO MAKE –UP QUIZZES AND EXAMS ****

Schedule

Week #	Research Projects	Assignments Due	Points
Lecturer 1&2	<p>Introduction to the course: course syllabus overview and definitions.</p> <p>Chapter 1. Corporate Finance and Financial manager: The Financial Manager <i>Continued</i> . Chapter 1. Corporate Finance and Financial manager:</p> <ul style="list-style-type: none"> - Why Study Finance? - The Four Types of Firms - Financial Institutions and instruments - Financial markets and Stock markets 	<p>Essential reading: Source FOCF Chapter 1: 1-21pp Source FOFM Chapter2: 30-43pp Including Questions and exercises at the end of the chapter(s) Problem solving in class Source FMFSB Chapter 1 & 2</p>	
Lecture 3	<p>Chapter 2. Financial statements, cash flow:</p> <ul style="list-style-type: none"> - financial statements and reports - the balance sheet, the income statement - the statement of cash flows 	<p>Essential reading: Source FOFM: Chapter 3 - 53- 69pp, 71-75pp Problem solving in class Source FMFSB Chapter 4</p>	
Lecture 4	<p>Chapter 2 (<i>Continued</i>) Financial statements, cash flow:</p> <ul style="list-style-type: none"> - the statement of cash flows - the statement of stockholders' equity - problems solving set 	<p>Essential reading: Source FOFM: Chapter 3 - 53- 69pp Including Questions and exercises at the</p>	

		<p>end of the chapter(s) Problem solving in class</p> <p>Assignment 1 Source FMFSB Chapter 4</p>	5
Lecture 5	<p>The Time Value of Money (Part 1)</p> <ul style="list-style-type: none"> - Future Value and the Compounding of Interest. - Present Value and Discounting. - Applications of the Time Value of Money Equation. - Problem solving in class 	<p>Essential reading: Source FOFM: Chapter 5. 123-140pp</p> <p>Source FOCF: Chapter 3. 68-84pp</p> <p>Instructor's notes Financial calculator: https://www.fn-calculator.com/</p>	
Lecture 6	<p>The Time Value of Money (Part 2)</p> <ul style="list-style-type: none"> - Future Value of Multiple Payment Streams. - Future Value of an Annuity Stream. - Present Value of an Annuity. - Annuity Due and Perpetuity. - Three Payment Methods. - Amortization Schedules. - Waiting Time and Interest Rates for Annuities. - Solving a Lottery Problem. - Ten Important Points about the TVM Equation. 	<p>Essential reading: Source FOFM: Chapter 5. 140-150pp</p> <p>Source FOCF: Chapter 4. 85-115pp</p> <p>Instructor's notes</p> <p>Financial calculator: https://www.fn-calculator.com/</p> <p>Assignment 2</p>	5
Lecture 7	<p>Consultation session online: Practical session, assignments correction and applications</p>	<p>Instructor's notes Financial</p>	

		calculator: https://www.fn-calculator.com/	
Lecture 8	Midterm exam 20% out of total amount of points for the course		20
Lecture 9	Chapter 6. Bonds and their valuation: - Understand bond terminology - Compute the price and yield to maturity of a zero-coupon bond - Compute the price and yield to maturity of a coupon bond	Essential reading: Source FOCF: Chapter 6. 144-170pp Problem solving in class	
Lecture 10	Chapter 6. Bonds and their valuation (Continued): - Compute the price and yield to maturity of a coupon bond - Analyze why bond prices change over time - Know how credit risk affects the expected return from holding a corporate bond	Essential reading: Source FOCF: Chapter 6. 144-170pp Problem solving in class Instructor's notes Financial calculator: https://www.fn-calculator.com/ Assignment 3	5
Lecture 11	Chapter 7. Stocks and Their valuation: - Describe the basics of common stock, preferred stock, and stock quotes - Value a stock as the present value of its expected future dividends	Essential reading: Source FOCF: Chapter 7. 182-187pp, 188-202pp Problem solving in class	
Lecture 12	Chapter 7. Stocks and Their valuation (Continued): - Understand the tradeoff between dividends and growth in stock valuation - Appreciate the limitations of valuing a stock based on expected dividends	Essential reading: Source FOCF: Chapter 7. 182-187pp, 188-202pp	

	<ul style="list-style-type: none"> - Value a stock as the present value of the company's total payout - Problems solving set 	<p>Problem solving in class</p> <p>Instructor's notes</p> <p>Financial calculator: https://www.fn-calculator.com/</p> <p>Assignment 4</p>	5
Lecture 13	<p>Chapter 8. Investment decision rules:</p> <ul style="list-style-type: none"> - Calculate Net Present Value - Use the NPV rule to make investment decisions - Understand alternative decision rules and their drawbacks 	<p>Essential reading: Source FOCF: Chapter 8 - 211-232pp., 236-239pp</p> <p>Problem solving in class</p>	
Lecture 14	<p>Chapter 8. Investment decision rules (Continued):</p> <ul style="list-style-type: none"> - Understand alternative decision rules and their drawbacks - Choose between mutually exclusive alternatives - Rank projects when a company's resources are limited so that it cannot take all positive-NPV projects - Problems solving set 	<p>Essential reading: Source FOCF: Chapter 8 - 211-232pp., 236-239pp</p> <p>Problem solving in class</p> <p>Instructor's notes</p> <p>Watch video:</p> <p>Financial calculator: https://www.fn-calculator.com/</p> <p>Assignment 5</p>	5

		<u>Source</u> <u>FMFSB Chapter 8</u>	
Lecture 15	<p>Chapter 10&16: Capital Structure, THE COST OF CAPITAL:</p> <p>1. Capital Structure Choices</p> <p>2. The cost of capital, calculating WACCs</p>	<p>Essential reading: Source FOFM: chapter 10, 306-325pp Source FOCF: ch 16, 461-471pp</p> <p>Watch video: Ratios and capital structure decision https://www.youtube.com/watch?time_continue=4&v=2M_JEpiHfbE&embeds_referring_uri=http%3A%2F%2Fdoubleexit.ie%2F&source_ve_path=MjM4NTE&feature=emb_title Ratios and working capital</p>	
Lecture 16	<p>Consultation session online and Project submission.</p>	<p>Main case: https://hbsp.harvard.edu/import/875871 Case study: Hightrek Inc./ Marc Lipson, Feb 2016, revised Jan 2020.</p>	15

Lecture 17	Final exam 40% out of total amount of points for the course		40
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Recommended Materials

1. Fundamentals of corporate finance / Jonathan Berk, Peter De Marzo, Jarrad Harford.— 2-nd Edition, Pearson Education, Inc, 2012. (*Source FOCF*)
2. Fundamentals of Financial Management / Eugene F. Brigham, Joel F. Houston . - 12-th Edition, Cengage Learning, 2009. (*Source FOFM*)
3. Financial Management for Small Businesses: Financial Statements & Present Value Models (2020), Lindon J. Robinson, Steven D. Hanson, J. Roy Black, Michigan State University (Access <https://openbooks.lib.msu.edu/financialmanagement/>) (*Source FMFSB*)
4. Case study: Hightrek Inc./ Marc Lipson, Feb 2016, revised Jan 2020: <https://hbsp.harvard.edu/import/875871>
5. Real time Financial sources (starting from year 2017-2023): <https://finance.yahoo.com/quote/TSLA/balance-sheet?p=TSLA>
6. Real time Financial sources (2023): <https://finance.yahoo.com/quote/AAPL?p=AAPL>
7. Financial calculators: <https://www.fncalculator.com/>

Additional materials:

NPV, IRR and Sensitivity analysis

Watch videos:

Ratios and capital structure decision

https://www.youtube.com/watch?time_continue=4&v=2M_JEpiHfbE&embeds_referring_euri=http%3A%2F%2Fdoubleexit.ie%2F&source_ve_path=MjM4NTE&feature=embed_title

Ratios and working capital

** The above schedule and procedures are subject to change in the event of extenuating circumstances.*

Протокол засідання кафедр № 4 від 22.08.2023 року

Проректор з навчально-методичної роботи

Завідувач кафедри

Викладач

Л.І.Кондратенко

Л.В.Жарова

О.В.Житкевич