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## Business Finance

### Syllabus

III 2.17

FIN-342

Specialty: 073 "Management"

Educational program "Management"

Quarter/Year: Spring/2024

ECTS Credits: 6

Instructor: Olena Zhytkevych, PhD

US Credits: 3

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Chat on Moodle

Prerequisites: Principles of Finance

### Course Description

This course is designed for students, not just the finance major. Starting with a general overview, then into more details on several concepts, financial instruments and techniques used in financial decision-making.

The prime objectives of the course are to have a basic grasp of finance principles and that go beyond just memorizing a number of facts and formulas. Doing so will enable students to better understand current events in Finance and will provide a solid framework for any subsequent courses they may take in Finance

### 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.

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

PH12. Assess the legal, social and economic consequences of the organization.

PH15. Demonstrate the ability to act socially responsibly and socially consciously on the basis of ethical considerations (motives), respect for diversity and interculturalism.

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

### Competences

3K4. Ability to apply knowledge in practical situations.

3K8. Skills in the use of information and communication technologies.

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

CK3. Ability to determine the prospects for the development of the organization.

CK5. Ability to manage the organization and its departments through the implementation of management functions.

CK14. Understanding of the principles of psychology and use them in professional activities.

**Internationality:** The international aspect of the discipline includes 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 consultations 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 – 30% and Final – 40%)

- 6 Assignments & 1 Project – 20 points
- **Attendance** (attending week Zoom sessions) – 10 points
- Midterm exam – 30 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 working on lecture materials (including consultations) and 7 academic hours of personal work. Personal work includes essential readings, practicing on problems at the end of each chapter, assignments, additional research for deeper knowledge and mastering the topics.

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 (weeks 1-6). It included multiple choice questions and cases (essays) and took about 1 hour.
- The Final exam covered all course material and included multiple choice questions and cases (essays). It lasts for 1 hour. 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 |
|-------------|---|---|--------|
| Lecture 1&2 | <p><b>Financial Statement and Cash Flow Analysis</b></p> <p>Introduction to the course: course syllabus overview and definitions.</p> <p><b>Chapter 2. Financial Statements (Revision)</b></p> <ul style="list-style-type: none"> <li>- Financial Statements.</li> <li>- The Balance Sheet</li> <li>- The Income Statement</li> <li>- Statement of Retained Earnings</li> <li>- The cash Flow Identity. The cash flow statement</li> <li>- Problem solving</li> </ul> | <p>Essential reading:<br/>Source 1: CH2 (64-86pp) or<br/>Source 3: CH5 (129-161pp)</p> <p>Additional readings/videos:<br/>Real time Financial sources (starting from year 2017-2024):<br/>1. <a href="https://www.stock-analysis-on.net/NASDAQ/Company/Apple-Inc/Common-Size/Income-Statement">https://www.stock-analysis-on.net/NASDAQ/Company/Apple-Inc/Common-Size/Income-Statement</a><br/>2. <a href="https://finance.yahoo.com/quote/TSLA/balance-sheet?p=TSLA">https://finance.yahoo.com/quote/TSLA/balance-sheet?p=TSLA</a><br/>Source 3: Video Activity:<br/><a href="https://www.youtube.com/watch?v=Fi1wkUczuyk&amp;list=PL5zKSeS09I32y2NCQD71JJ-0m9aLNGtgJ">https://www.youtube.com/watch?v=Fi1wkUczuyk&amp;list=PL5zKSeS09I32y2NCQD71JJ-0m9aLNGtgJ</a></p> <p>Group or Individual Assignment 1</p> | 2      |
| Lecture 3   | <p><b>Operational Financial Planning</b></p> <p><b>Chapter 4. Financial Ratio Analysis</b></p> <ul style="list-style-type: none"> <li>- Financial Ratio Analysis</li> <li>- Problem solving in class</li> <li>- Financial Forecasting (Constructing Projected financial statements)</li> <li>- Problem solving in class</li> </ul> <p>Real Case Study 1: "Ratios analysis and interpretations " by Paul Thomas</p>  | <p>Essential reading:<br/>Source 1: Chapter 4&amp;17<br/>Source 3: CH 6 (165-189pp)</p> <p>Additional readings/videos:<br/>Source 2: Chapter 2<br/>Source 3: Video Activity p.189<br/>Instructor's notes and materials</p> <p>Group or Individual Assignment 2</p>  | 2      |
| Lecture 4   | <p><b>Chapter 5. Financial Planning and Forecasting</b></p> <ul style="list-style-type: none"> <li>- Forecasting sales</li> <li>- Projecting the assets needed to support sales</li> <li>- Projecting internally generated funds</li> <li>- Projecting outside funds needed</li> <li>- Deciding how to raise funds</li> <li>- Seeing the effects of a plan on ratios</li> </ul>   | <p>Essential reading:<br/>Source 3: CH 18 (535-562pp)</p> <p>Additional readings/videos:<br/>Source 3: Video Activity p.563</p> <p>Instructor's notes</p>   |        |
| Lecture 5   | <p><b>Continued. Chapter 5. Financial Planning and Forecasting with Excel tools (Regression analysis).</b></p> <ul style="list-style-type: none"> <li>- Strategic planning with Excel tools (Model for Financial Forecasting by using hypothetical example )</li> <li>- Seeing the effects of a plan on ratios</li> </ul>   | <p>Instructor's notes</p> <p><b>Group or Individual Assignment 3</b></p>  | 2      |
| Lecture 6   | <p><b>The Basics of Capital Budgeting</b></p> <ul style="list-style-type: none"> <li>- Analyze project's incremental Cash flows</li> </ul>  | <p>Essential reading:<br/>Source 3: Chapter 16<br/>or<br/>Source 1: Chapter 11</p>  |        |

|            |   |  |           |
|------------|---|--|-----------|
|            | <ul style="list-style-type: none"> <li>- Explain the effects of project interactions on the evaluation of capital projects</li> <li>- Explain the common methods used for evaluating capital budgeting projects.</li> <li>- Problem solving in class</li> </ul>   | Instructor's notes   |           |
| Lecture 7  | <b>Revision ch 2,4 and 5</b>  |  |           |
| Lecture 8  | <b>Midterm ( ch 2, 4 and 5)</b>   |  | <b>30</b> |
| Lecture 9  | <b>Capital Budget Applications (Real Options)</b> <ul style="list-style-type: none"> <li>- Unequal lives</li> <li>- Abandonment option</li> <li>- Investment timing option</li> <li>- Problem solving in class</li> </ul>   | Essential reading:<br>Source 1: Chapter 13<br><br>Instructor's notes<br><br>Group or Individual Assignment 4   | <b>2</b>  |
| Lecture 10 | <b>Cash flow Estimation &amp; Risk Analysis</b> <ul style="list-style-type: none"> <li>- Work with Application 1: New project analysis</li> <li>- Work with Application 2: Replacement analysis.</li> </ul>   | Essential reading:<br>Source 1: Chapter 12<br><br>Instructor's notes<br><br>Group or Individual Assignment 5   | <b>2</b>  |
| Lecture 11 | <b>Real Case Study 2: " Land developing project" by Paul Thomas</b>   | Instructor's notes   |           |
| Lecture 12 | <b>Risk and Return</b> <ul style="list-style-type: none"> <li>- Returns.</li> <li>- Risk (Certainty and Uncertainty).</li> <li>- Historical Returns.</li> <li>- Variance and Standard Deviation as a Measure of Risk.</li> <li>- Returns in an Uncertain World (Expectations and Probabilities).</li> <li>- Problem solving in class</li> </ul>   | Essential reading:<br>Source 2: Chapter 11& 12<br><br>Instructor's notes   |           |
| Lecture 13 | <b>Risk and Return</b> <ul style="list-style-type: none"> <li>- The Risk-and-Return Trade-off.</li> <li>- Investment Rules</li> <li>- Risk or Uncertainty.</li> <li>- When Diversification Works</li> <li>- Adding More Stocks to the Portfolio:</li> <li>- Systematic and Unsystematic Risk</li> <li>- Beta: The Measure of Risk in a Well-Diversified Portfolio.</li> <li>- The Capital Asset Pricing Model and the Security Market Line.</li> <li>- The Capital Asset Pricing Model(CAPM)</li> <li>- Application of the SML</li> </ul> | Essential reading:<br>Source 3: CH 15 or<br>Source 2: Chapter 11& 12<br><br>Instructor's notes<br><br>Group or Individual Assignment 6   | <b>2</b>  |
| Lecture 14 | CAPM – estimating beta by using real example <b>Apple Inc. (AAPL)</b> .<br>Estimate beta with the OLS regression and other approaches (Excel functions)   | Essential reading:<br>Source 3: CH 15 Instructor's notes<br>Apple Inc. (AAPL):<br><a href="https://finance.yahoo.com/quote/AAPL?p=AAPL&amp;.tsrc=fin-srch">https://finance.yahoo.com/quote/AAPL?p=AAPL&amp;.tsrc=fin-srch</a><br>Treasury Yield 10 Years (^TNX): |           |

|            |  |  |           |
|------------|--|--|-----------|
|            |  | <a href="https://finance.yahoo.com/quote/%5ETNX?p=^TNX&amp;.tsrc=fin-srch">https://finance.yahoo.com/quote/%5ETNX?p=^TNX&amp;.tsrc=fin-srch</a><br>S&P 500 (^GSPC):<br><a href="https://finance.yahoo.com/quote/%5EGSPC?p=^GSPC&amp;.tsrc=fin-srch">https://finance.yahoo.com/quote/%5EGSPC?p=^GSPC&amp;.tsrc=fin-srch</a> |           |
| Lecture 15 | <b>Project presentation.</b><br>Main Case: Happy Cow Ice Cream: Data-Driven Sales Forecasting (Source: harvard.edu, 2019)<br><a href="https://hbsp.harvard.edu/product/HK1207-PDF-ENG?activeTab=include-materials&amp;itemFindingMethod=#supplements">https://hbsp.harvard.edu/product/HK1207-PDF-ENG?activeTab=include-materials&amp;itemFindingMethod=#supplements</a> | Group or Individual<br>Project due   | <b>8</b>  |
| Lecture 16 | Review for the final exam  | Problem solving in class   |           |
| Lecture 17 | <b>Final - comprehensive exam</b>  |  | <b>40</b> |

## Recommended Materials

1. Fundamentals of Financial Management / Eugene F. Brigham, Joel F. Houston . - 15-th Edition, Cengage Learning, 2019. (Source 1)
  2. Financial Management/ Raymond Brooks. - 4th Edition, Pearson, 2012 (Source 2)
  3. Julie Dahlquist, Texas Christian University, Rainford Knight, Florida Atlantic University, Alan S. Adams, Dean College. (2022). Principles of Finance. Publisher: **OpenStax**. ISBN 13: 9781951693541. Online access: <https://open.umn.edu/opentextbooks/textbooks/principles-of-finance> (Source 3)
  4. Main Case: Happy Cow Ice Cream: Data-Driven Sales Forecasting (Source: Harvard.edu, 2019) <https://hbsp.harvard.edu/product/HK1207-PDF-ENG?activeTab=include-materials&itemFindingMethod=#supplements> (Source 4)
- Additional Materials  
Real time Financial sources (starting from year 2018-2024):  
<https://finance.yahoo.com/>  
<https://www.google.com/finance>  
<https://www.ft.com>  
<https://www.bloomberg.com/>  
<https://www.risk.net/>  
<https://www.wsj.com>

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

Протокол засідання кафедр № 1 від 24.01.2024 року

Проректор з навчально-методичної роботи



Л.І.Кондратенко

Завідувач кафедри



Л.В.Жарова

Викладач

О.В.Житкевич