

Course Outline

Course number	RMF106				
Course title	Finance				
Credit points	3 ECTS (2 CP)				
Total hours	30				
Lecture hours	24				
Seminar and other hours	6				
Course level	Master				
Prerequisites	None				
Category	Mandatory	X	Restricted elective		Free elective

COURSE RESPONSIBLE

<i>Name</i>	<i>Academic degree</i>	<i>Academic position</i>
Natalja Tocolovska	PhD	Assistant Professor

COURSE TEACHERS

<i>Name</i>	<i>Academic degree</i>	<i>Academic position</i>
Natalja Tocolovska	PhD	Assistant Professor

COURSE ABSTRACT

Finance course represents the combination of two sets of knowledge: reading financial statements and decision making in a company. While holding its high ambitions to cover those broad areas during one course, Finance keeps its strong focus on the management perspective of the user of the information while keeping the high pace and intensity of the lectures.

The course starts with the basics of the conceptual framework of accounting and the preparation of financial statements: a balance sheet and an income statement. The course further develops the aspect of the analysis of the financial statements by adding the third financial statement- the cash flow statement as well as ratio analysis. The second part of the course shifts the focus on decisions the company is making on its financing as well as its new projects.

The course contains lectures and consultations. The lectures cover the theoretical material where both theoretical and practical parts are applied – the theoretical concepts are applied and tested by the students when the problems are solved and solutions discussed and analysed. To prepare for the upcoming lecture, students need to read the chapters stated in the course outline. The suggested tasks as listed in the course outline are optional while highly recommended for students' self-practice at home (all the tasks have answers provided by the textbook). The consultations are scheduled once a week for an individual question session.

Whatever career path students might be willing to choose knowledge obtained in this course will make them sophisticated users of financial information equipped for the decision-making process.

GRADING CRITERIA

Criteria	Weighting
2 case studies (group presentation)	50%
Exam (individual take-home)	50%

COURSE PLAN – MAIN SUBJECTS

No.	Main subjects	Planned hours
1	Financial statement preparation: balance sheet, income statement, cash flow statement	8
2	Accounting ratios and financial statement analysis	4
3	Investment decisions of a company	4
4	Financing decisions and structure of a company	8

COURSE PLAN – SESSIONS

<i>Session</i>	<i>Session subjects and readings</i>	<i>Lecture/seminar</i>
1	Introduction and the scope of financial accounting Lecture reading: BA: Ch. 1, FA: Ch.1 Suggested problems for practicing at home: BA: 1.1, 1.5, 1.9, 1.11, 1.13	L/S
2	Preparation of financial statements Lecture reading: BA: Ch. 7-8 Suggested problems for practicing at home: BA: 7.1, 7.2, 8.1, 8.2	L/S
3	Accounting concepts and principles Lecture reading: BA: Ch. 9-10, FA: Ch. 5 Suggested problems for practicing at home: BA: 9.3, 9.4	L
4	Income statement: preparation and ratio analysis Lecture reading: BA: Ch. 24-28, FA: Ch.3, 8 Suggested problems for practicing at home: BA: 24.1, 28.8, 28.9, 28.11	L/S
5	Balance sheet: preparation and ratio analysis Lecture reading: BA: Ch.34, 47, FA: Ch. 2, 9 Suggested problems for practicing at home: BA: 47.1, 47.5, 47.6, 47.13	L/S
6	CASE STUDY on Financial statements analysis: Balance sheet and Income statement	S
7	Cash flow statement: preparation Lecture reading: BA: Ch.39, FA: Ch.6 Suggested problems for practicing at home: BA: 39.1, 39.3, 39.4	L/S
8	Introduction and the scope of corporate finance, PV approach Lecture reading: CF: Ch.3.1-3.3	L/S
9	Capital budgeting: the NPV rule and alternative approaches, free cash flows, cost of capital (WACC) Lecture reading: CF: p.111-114, Ch.6, 7 (optional)	L/S
10	Valuation of stocks Bond trading and financial market regulations Stock trading and financial market regulations Lecture reading: CF: Ch.9	L/S
11	Valuation of bonds Lecture reading: CF: Ch.8	L/S
12	CASE STUDY on Capital Budgeting	S

LEARNING OUTCOMES

This course has the following main learning outcomes:

Knowledge:

1. define the need for the preparation of financial statements for a company, explain the steps of preparation and components of the balance sheet and income statement of a company and illustrate the necessity and parts of the cash flow statement of a company;

2. define the methods for evaluation of the financial performance of a company;
3. explain the time value of money;
4. describe the valuation methods as available for a company for capital budgeting;
5. discuss the types of financial instruments, their characteristics, and trading environment;

Skills:

6. prepare financial statements of a company and demonstrate the interactions between the financial statements and the way they are used by the stakeholders;
7. perform the analysis of the financial statement of a company;
8. perform the capital budgeting for a project applying several capital budgeting techniques;
9. demonstrate the organisation structure and need for financial markets, its participants;

Competencies:

10. develop the balance sheet and income statement for a company and evaluate the results of the cash flow statement of a company;
11. assess the financial performance of a company in the result of the application of financial ratios;
12. choose the reasonable valuation method for a new project as planned by a company.

COURSE RESULTS

By completing the study course and passing the examination, the student will be able to:

<i>Study results</i>	<i>Evaluation criteria</i>		
	<i>(40-69%)</i>	<i>(70-89%)</i>	<i>(90-100%)</i>
<i>Knowledge</i>	The student has acquired only basic knowledge of the course subject. The student lacks an understanding of some of the core issues of the course subject.	Overall, the student's knowledge complies with the expectations. However, there are issues that the student does not fully understand.	The student has demonstrated in-depth knowledge and understanding of the issues related to the course subject.
<i>Skills</i>	The student has demonstrated only basic level of skills.	The student has demonstrated good skills.	The student has demonstrated excellent skills.

Competencies	The student can apply the knowledge only at a basic level. The student can identify the relevant accounting and finance principles. However, the student cannot correctly apply them.	The student can apply the knowledge at a reasonably good level. However, the student does not have the necessary level to be able to fully apply the acquired knowledge independently. The student has some problems to correctly apply accounting and finance principles.	The student can apply the knowledge independently and correctly. The student can identify the relevant accounting and finance principles and correctly apply them.
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Grading criteria	Learning outcomes											
	1	2	3	4	5	6	7	8	9	10	11	12
Case study 1	x	x				x	x			x	x	
Case study 2			x	x	x	x		x	x			x
Exam	x					x				x		

COURSE LITERATURE

No.	Author, title, publisher
Mandatory reading materials	
1	Sangster, A. <i>Business Accounting 1</i> , 13 th Edition, Pearson (BA) [The book is suggested for the students who haven't studied accounting in English before]
2	Atrill, P., McLaney, E. <i>Financial Accounting for Decision Makers</i> , 7th edition, Pearson (FA) [The book is suggested for the students who have studied accounting in English before]
3	Berk, J., DeMarzo, P. <i>Corporate Finance</i> , International edition, Pearson (CF)