

PRINCIPLES OF FINANCE

Course code	<i>FIN 114</i>
Compulsory in the programmes	<i>Economics and Data Analytics, International Business and Communication, Business Management and Marketing, Finance, Economics and Politics</i>
Level of studies	<i>Undergraduate</i>
Number of credits	<i>6 ECTS (48 contact hours + 2 consultation hours + 2 hours of examination, 110 individual work hours)</i>
Course coordinator (title and name)	<i>Dmitrij Katkov, PhD, CFA</i>
Prerequisites	<i>None</i>
Language of instruction	<i>English</i>

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

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	BLO1.1	ELO1.1	Mid-term, final	Lectures,

financial manager in financial decision making	BLO1.2	ELO1.2	exam, group works	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

Topic	In-class hours	Readings
1. Introduction and overview of course Defining Finance Financial system: participants, market and institutions	4	Gitman, handouts
2. Financial statements and their preparation	4	Gitman, handouts
3. Financial ratios	4	Gitman, handouts
4. Financial statement analysis	4	Gitman, handouts
5. Important financial concepts – time value of money, interest rate, risk and return	4	Gitman, handouts
6. Time value: Simple and compound interest, nominal and effective interest, value of annuities, value of mixed streams, perpetuities, loans payments	6	Gitman, handouts
7. Short-term financial management	4	Gitman, handouts
Mid-term	2	Topics 1-7
8. Bonds: terminology and valuation	6	Handouts
9. Stocks: terminology and valuation	6	Handouts
10. Cost of Capital	4	Handouts
	Total: 46 hours	
CONSULTATIONS	2	
FINAL EXAM	2	Topics 8-10

FINAL GRADE COMPOSITION

Type of assignment	%
<i>Group Components</i>	20%
Financial Analysis Project	20
<i>Individual Components</i>	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.

RETAKE POLICY

The *retake* examination for the students who do not meet the passing score is normally scheduled 1-2 weeks after the announcement of the final grades. The retake examination covers the materials from the entire course, and it is worth 80% of the total grade (the remaining 20% comes from the group paper).

Group work

There will be one formal group work during the course. Tasks (that will be given during the course) must be 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.

All course participants must comply with the ISM University of Management and Economics Artificial Intelligence Policy published on the e-learning platform.

Please note that you can use AI for brainstorming, data search and industry information search as well as grammar, punctuation and style correction. However, you may not include any AI – generated text in the final submission. What is more, all the ratio calculations should be done by yourself as well.

Assessment requirements, procedures, and other important regulations may be communicated verbally during lectures. Failure to attend a lecture where such information is provided does not exempt the student from the responsibility to comply with these requirements.

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

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

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