

2. Introduction to Finance

1. Module Title	Introduction to Finance	2. Module Code	
3. Academic Year, Semester, Module Status	2022-2023 Spring semester, Full-time		
4. Aims and Learning Outcomes	<p>This course aims to introduce students to general principles of finances and prepare them to be flexible in terms of movement in business oriented field. Through series of lectures and study of material and literature students will learn how to use finance tools useful for business success, and will learn how to implement that knowledge in real life effectively.</p> <p>This course will combine the theoretical underpinnings of finance with real-world examples, including several case studies and problem solving.</p>		
Knowledge	Effect Code		Assessment
	Subject	Field	
1. Critically appraise corporate performance on the basis of accounting data.		K_W11	Mid-term exam, final exam.
2. Describe and compare the basic procedures and methods used in selection of capital budgeting projects.		K_W12	Mid-term exam, final exam.
Skills	Effect Code		Assessment
	Subject	Field	
1. Calculate the cost of equity and the weighted-average cost of capital for a company.		K_U03	Mid-term exam, final exam and case studies.
2. Analyse and explain how options, futures and forward contracts can be used to develop simple risk hedging strategies.		K_U8	Mid-term exam, final exam and case studies.
3. Compute the future value, present value and the rate of return on an investment for projects that involve single or multiple cash flow.		K_U09	Mid-term exam, final exam and case studies.
Social Competencies	Effect Code		Assessment
	Subject	Field	
1. Able to think and act in an entrepreneurial manner, appreciates the importance of cooperation in professional work.		K_K03	Mid-term exam, final exam and case studies.
2. Use ethical measures to correctly identify and resolve management-related dilemmas and conflicts.		K_K07	Mid-term exam, final exam and case studies.
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	prof. Krzysztof Piech		krzysztof.piech.pl@gmail.com
6. Lecturer	Name		E-mail

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7. Module Level	Masters	Bachelors
		x
8. Year and Programme	Year	Programme
	1	BA in Management
9. Module Content		
#	Topics Discussed	Hours
Lecture		
1.	Introduction to Finances	<i>2.5 h each topic</i> <i>30 h together</i>
2.	Personal Finance Basics and the Time Value of Money	
3.	Personal Finance Basics and the Time Value of Money, part 2	
4.	The structure of a company and case-study	
5.	Business Valuation of companies	
6.	Business Plan and Strategy	
7.	Capital in Finance. Cost of the capital	
8.	Understanding Financial Statements and Cash Flows	
9.	Market: Foreign Exchange Market	
10.	Market: Stocks and Bonds	
11.	Public Finance: Taxation policy role in state finances	
12.	Review for final exam	
Workshop		
1.	Introduction to Finances (exercises on: main definitions, finances in practice – case studies)	<i>1.25 h each topic</i>
2.	Personal Finance Basics and the Time Value of Money (exercises on: PV, FV, interest, compound interest, annuity, compound annuity, PV of annuity, FV of annuity)	
3.	Personal Finance Basics and the Time Value of Money, part 2 (exercises on: PV, FV, interest, compound interest, annuity, compound annuity, PV of annuity, FV of annuity)	<i>15 h together</i>
4.	The structure of a company (case studies: Financial management, Financial functions, Sarbanes-Oxley Act, Corporate Governance)	
5.	Business Valuation of companies (exercises on: 1. Valuation methods: (a) assets-based, (b) income-based, (c) cash flow-based; 2. Liquidity; 3. Operating Return on Assets (OROA), Operating Profit Margin, Total Asset Turnover, Fixed Asset Turnover)	
6.	Business Plan and Strategy (exercises on: Cost of capital, Cost of debt, Cost of equity, CAPM, EBIT, EBT, Weighted Average Cost of Capital (WACC))	
7.	Capital in Finance. Cost of the capital (exercises on: Cost of capital, Cost of debt, Cost of equity, CAPM, EBIT, EBT, Weighted Average Cost of Capital (WACC))	
8.	Understanding Financial Statements and Cash Flows (case studies, exercises on: financial statements, cash flows)	
9.	Market: Foreign Exchange Market (exercises on: ‘bid’, ‘ask’, ‘spread’)	
10.	Market: Stocks and Bonds (exercises on: 1. Shares: (a) ordinary: non right, (b) preference: right to vote; 2. Value vs. price; 3. Absolute returns; 4. Bull market/bear market, boom and bust; 5. Bonds; 6. Futures)	
11.	Public Finance and taxation policy (exercises on: economics of taxation, types of taxes)	

12. Review for the final exam (exercises according to students' suggestions)		
<p>The primary goal of this workshop is to impart the knowledge to allow you to intelligently solve practical business problems and to apply finance concepts to real finance problems.</p>		
10. Individual Student's Work		
#	Description	Hours
	Covering required readings	15
	Preparation for the midterm exam	15
	Preparation for the final exam	15
	Work in groups on case studies	15
11. Assessment Methods	Final exam – 40% Midterm exam – 30 % Case studies – 30%	
12. Assessment Criteria	In order to pass the course student should score at least grade 3.0 (50%) as the total grade for semester. Scoring translates into grades as follows: 50 - 59 points - grade 3 60 - 69 points - grade 3.5 70 - 79 points - grade 4 80 - 89 points - grade 4.5 90 - 98 points - grade 5 98-100 points - grade 5.5 In the case of exceptional student achievements, the lecturer can award a 5.5 mark with fewer points.	
13. ECTS Credits	5	
		Hours
		ECTS
	Contact Hours	
	Lecture	30
	Workshop	15
	Consultation	15
	Other Kind of Student's Activity	
	Individual Student's Work	65
	SUMM	125
		5
14. Required Readings	1. Drake P., Fabozzi F. <i>The Basics of Finance</i> . Wiley; 1st edition (2010)	
15. Recommended Readings	1. Melicher R., <i>Introduction to Finance</i> . Wiley; 13th edition (2010)	
16. Place where module is run	LU campus	
17. Other		