

Module description: Introduction to Finance

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| Module Code | w.BA.XX.IFin-IM.25HS | |
| ECTS Credits | 6 | |
| Language of Instruction/Examination | English | |
| Module Description | This module introduces students to the fundamental principles of modern financial management and equips them with the analytical tools needed to make value-enhancing business decisions. Building on the core concepts of valuation, risk, and return, the course covers topics such as the time value of money, bond and stock valuation, investment decision rules, portfolio theory, the Capital Asset Pricing Model (CAPM), and the estimation of a firm's cost of capital. Students further explore capital structure choices, financial distress, managerial incentives, and information asymmetries, complemented by an introduction to financial options and key long-term and short-term financing decisions. | |
| Organizational Unit | Institut für Financial Management (IFI) | |
| Module Coordinator | Niccole Jordan | |
| Deputy Module Coordinator | Mehdi Mostowfi | |
| Program and Specialization | <ul style="list-style-type: none"> International Management | |
| Legal Framework | Academic Regulations BSc dated 29.01.2009, for the degree programs in Business Administration, International Management, Business Information Technology, Business Law, Business Law and Applied Law, first adopted on 12.05.2009 | |
| Module Category | Module Type Compulsory | Program Phase First Year-Studies |
| Prerequisite Knowledge | | |
| Contribution to Program Learning Objectives (by the concerned Module) | <ul style="list-style-type: none"> Professional Competence Methodological Competence Social Competence Self-Competence | |
| Contribution to Program Learning Objectives | <p>Professional Competence</p> <ul style="list-style-type: none"> Knowing and Understanding Content of Theoretical and Practical Relevance Apply, Analyze, and Synthesize Content of Theoretical and Practical Relevance Evaluate Content of Theoretical and Practical Relevance <p>Methodological Competence</p> <ul style="list-style-type: none"> Problem-Solving & Critical Thinking Scientific Methodology Work Methods, Techniques, and Procedures Information Literacy Creativity & Innovation <p>Social Competence</p> <ul style="list-style-type: none"> Written Communication Oral Communication Teamwork & Conflict Management Intercultural Insight & Ability to Change Perspective <p>Self-Competence</p> <ul style="list-style-type: none"> Self-Management & Self-Reflection Ethical & Social Responsibility Learning & Change | |

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| Module Learning Objectives | <p>Students...</p> <ul style="list-style-type: none"> • understand and apply the law of one price to fundamental financial decision-making. • analyze the time value of money and perform valuations involving interest rates, cash flows, and investment decisions. • value financial securities, including bonds and stocks, using appropriate discounting techniques and valuation models. • evaluate investment projects using decision rules such as NPV, IRR, and payback criteria. • assess risk and return relationships in capital markets, including diversification and the pricing of risk. • apply the Capital Asset Pricing Model (CAPM) and construct optimal portfolios. • estimate a firm's cost of capital, including weighted average cost of capital (WACC). • explain capital structure decisions and analyze their impact in perfect markets and markets with taxes, distress costs, and asymmetric information. • understand financial options, including payoff structures and basic option valuation principles. • analyze long- and short-term financing decisions, including raising equity capital and managing working capital efficiently. | | | |
| Module Content | <ul style="list-style-type: none"> • Financial decision making and the law of one price • The time value of money and investment decision rules • Interest rates and valuing bonds • Valuing stocks • Capital markets and the pricing of risk • Optimal portfolio choice and the capital asset pricing model • Estimating the cost of capital • Capital structure in a perfect market, debt, and taxes • Financial options • Raising equity capital • Working capital management | | | |
| Links to other modules | <p>This module is linked to the following modules:</p> <ul style="list-style-type: none"> • w.BA.XX.1ACC-IM.XX • w.BA.XX.1IEB-IM.XX | | | |
| Digital Learning Resources | <ul style="list-style-type: none"> • Teaching Videos • Practice and Application Exercises (with Key) • Case Studies (with Key) • Multiple Choice Tests • MyLab Pearson | | | |
| Methods of Instruction | <ul style="list-style-type: none"> • Lecture • Problem-Oriented Teaching • Application Tasks • Case Studies • Interactive Instruction • Exercises | | <p>Social Settings Used:</p> <ul style="list-style-type: none"> • Individual Work • Pair Work | |
| Type of Instruction | | Classroom Instruction | Guided Self-Study | Autonomous Self-Study |
| | Large Class | 56 h | 56 h | |
| | Small Class | - | - | |
| | Group Instruction | - | - | |
| | Practical Work | - | - | |
| | Seminar | - | - | |
| | Total | 56 h | 56 h | 68 h |

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| Performance Assessment | End-of-module exam | | Form | Length (min.) | Weighting |
| | Written exam | | open book | 90 | 100.00 |
| | Permitted Resources | | Free choice calculator | With dictionary | |
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| | Others | Assessment | Format | Length (min.) | Weighting |
| | - | - | - | - | - |
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| Classroom Attendance Requirement | None | | | | |
| Compulsory Reading | • Berk, J. & DeMarzo, P. (2023). Corporate Finance, Global Edition. 6th Edition. Pearson. ISBN 9781292446318. | | | | |
| Recommended Reading | | | | | |
| Comments | | | | | |