



COURSE (MODULE) DESCRIPTION

| Course title | Code |
|--------------------------------|------|
| FUNDAMENTALS OF FINANCE | |

| Staff | Department |
|---|---|
| Coordinator: Prof. Dr Jelena Stankevičienė | Department of Finance, Faculty of Economics and Business Administration |

| Study cycle | Course type |
|-------------|-------------|
| First | Elective |

| Form of implementation | Period of implementation | Language of instruction |
|---|--------------------------|-------------------------|
| Classroom: lectures and seminars | Spring semester | English |

| Requirements for student | |
|----------------------------|---|
| Prerequisites: none | Additional requirements (if any): English language |

| Number of ECTS credits | Student's workload | Contact hours | Individual work |
|------------------------|--------------------|---------------|-----------------|
| 5 | 130 | 48 | 82 |

| Purpose of the course and competences developed | | |
|--|--|---|
| Purpose of the course is to provide the theoretical knowledge and practical skills necessary for studying the basic concepts of finance, to develop students' abilities to understand the financial system and its changes, effectively identify and solve complex financial challenges. | | |
| Learning outcomes | Teaching methods | Assessment methods |
| On completion of the course students will be able to: <ul style="list-style-type: none"> - learn properly apply key models of financial theory; - search and analyse financial information independently; - analyse the participants of the financial system, the formation and use of their resources; - propose solutions to financial situations corresponding to the level of acquired knowledge and to discuss their advantages and disadvantages; - properly relate financial concepts and phenomena for decision making. | Lectures, discussions during seminars and lectures, review of practical examples, review and explication of the material; the analysis of problems during lectures and seminars, case study, and problem solving, doing exercises. | Test: closed-ended and/or open-ended assignments or questions. Presentation of the answers to the target case study. |

| Course themes | Contact / Individual work: time and assignments | | | | | | | | Assignments |
|---|---|-----------|----------|-------------------|-----------------|----------|---------------|-----------------|--|
| | Lectures | Tutorials | Seminars | Practical classes | Laboratory work | Practice | Contact hours | Individual work | |
| An introduction to the course | 2 | | | | | | 2 | | |
| The essence of finance and its functions. The subject of financial science. Functions of finance. Description of financial theories. Finance and accounting. | 2 | | | | | | 2 | 2 | Individual study of the summaries of lectures and supplementary material*; analysis of the assignments provided by the lecturer. |

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|--|---|--|---|--|--|--|---|----|--|
| Time value of money. Interest rate. The future value of money. The present value. Recurring payment. The future value of an annuity. The present value of annuity. | 2 | | 2 | | | | 4 | 8 | Individual study of the summaries of lectures and supplementary material; analysis of the assignments provided by the lecturer; discussion of the solution of exercises. |
| Risk. The concepts of risk and uncertainty. Types of risks. Risk and profitability. Risk measurement. Identification of risk and analysis. | 2 | | 2 | | | | 4 | 8 | Individual study of the summaries of lectures and supplementary material; analysis of the assignments provided by the lecturer. |
| The Financial System. The concepts of financial markets. Participants and functions of the financial system. Financial market concept. | 4 | | 2 | | | | 6 | 12 | Individual study of the summaries of lectures and supplementary material; analysis of the assignments provided by the lecturer; case study. |
| The Financial Markets. Structure of financial markets: the debt market, the equity market, the foreign-exchange market, the mortgage market, and the derivative market. | 4 | | 2 | | | | 6 | 10 | Individual study of the summaries of lectures and supplementary material; analysis of the assignments provided by the lecturer; case study. |
| Midterm exam | 2 | | | | | | | 7 | Preparation for midterm exam |
| Corporate finance. The basic principles of financial management. Financial decision. Cash flow and profit. The most common approaches to project selection. Financial statement analysis. Difference between a CFO and an accountant. | 5 | | 2 | | | | 8 | 10 | Individual study of the summaries of lectures and supplementary material; analysis of the assignments provided by the lecturer; discussion of the solution of exercises. |
| Personal finance. Household financial behaviour. The life cycle asset allocation. Basic of personal finance management. Household income and expenditure. Household Budget. | 5 | | 2 | | | | 8 | 10 | Individual study of the summaries of lectures and supplementary material; analysis of the assignments provided by the lecturer, discussion of the solution of exercises. |
| Public Finance. Essence of public budget and its structure. Public budget and its principles. State and municipal Finance. Taxes and tax system. | 4 | | 2 | | | | 6 | 10 | Individual study of the summaries of lectures and supplementary material; analysis of the assignments provided by the lecturer; case study. |
| Consultation | | | 2 | | | | 2 | 2 | |

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|--------------------------------|-----------|--|-----------|--|--|--|--|-----------|-----------|---|
| Preparation for the final exam | | | | | | | | 0 | 6 | Independent study of the summary of lectures and supplementary material |
| Total | 32 | | 16 | | | | | 48 | 85 | |

* Specific literature source (chapter, pages) is detailed in VMA for each lecture separately

| Assessment strategy | Share in % | Time of assessment | Assessment criteria |
|---|------------|--|--|
| Working with Bloomberg terminal | 20 % | During the entire semester | 20 % the final evaluation consists of the progress of the tasks in Bloomberg LAB. The assessment of the progress of completed tasks is multiplied by 0.2 and added to the final assessment. |
| Analysis of the selected topic and presentation of results | 20% | During the course, a presentation at the end of the course | The analysis of the selected topic, interpretation of the results, their presentation, are evaluated. The analysis score is multiplied by 0.2 and added up to the final assessment. |
| Midterm exam consists of two parts: a test (questions of closed type with one possible correct answer) and exercises. | 30 % | During the semester | The test consists of closed type questions and few exercises based on the material from the lectures and the required literature. Each correct answer is awarded a certain number of points. Varied points are assigned for closed-type questions and exercises. The total number of points is transferred to a ten-point system. The grade is multiplied by 0.4. |
| Final exam consists of two parts: a test (questions of closed type with one possible correct answer) and exercises. | 30 % | During the examination period | The test consists of closed type questions and few exercises based on the material from the lectures and the required literature. Each correct answer is awarded a certain number of points. Varied points are assigned for closed-type questions and exercises. The total number of points is transferred to a ten-point system. The grade is multiplied by 0.5. |
| Additional information | | | External examination of the subject is not possible |

| Author | Published in | Title | Issue No. or Volume | Publishing house or Internet site |
|---|--------------|---------------------------------------|--------------------------|-----------------------------------|
| Required reading | | | | |
| Brealey, R. A., Myers, S. C., Allen, F., & Mohanty, P. | 2018 | Principles of Corporate Finance | 12 th edition | McGraw-Hill Education |
| Kapoor, J. R., Dlabay, L R., Hughes, R. J., & Hart, M. M. | 2019 | Personal finance | 13 th edition | McGraw-Hill Education |
| Rosen, H., Gayer, T., | 2021 | Public finance | 10 th edition | McGraw-Hill Education |
| Saunders, A., Millon, M. | 2021 | Financial Markets and Institutions | 8 th edition | McGraw-Hill Education |
| Bloomberg LAB | 2023 | Fundamentals of Finance | | Bloomberg Terminal |
| Additional reading | | | | |
| Bodie Z., Kane A., Marcus A. J. | 2016 | Essentials of investments | 10 th edition | McGraw-Hill/Irwin |
| Brigham, E. F., Houston, J. F. | 2021 | Fundamentals of Financial Management. | | Concise. Cengage Learning. |
| Gitman L.J., Zutter C.J. | 2019 | Principles of Managerial Finance | 14 th edition | Pearson |
| Ross, S. A., Westerfield, R. W., Jordan, B. D. | 2022 | Fundamentals of Corporate Finance | 13 th edition | McGraw-Hill Education |