



COURSE UNIT (MODULE) DESCRIPTION

Course unit (module) title	Code
Finance I	Confirmed on May 15, 2024

Academic staff	Core academic unit(s)
Coordinator: Renata Guobužaitė	Faculty of Economics and Business Administration
Other(s):	

Study cycle	Type of the course unit
First (Bachelor's)	Compulsory

Mode of delivery	Semester or period when it is delivered	Language of instruction
Face-to-face (lectures, classroom tutorials) and self-study	Semester 3	English

Requisites	
Prerequisites: Mathematical Methods (part I)	Co-requisites (if relevant): none

Number of ECTS credits allocated	Student's workload (total)	Contact hours	Individual work
5	130	37	93

Purpose of the course unit		
<p>The purpose of this course is to introducing students to the basic principles in finance. The topics taught cover:</p> <ol style="list-style-type: none"> 1. The valuation of firms, projects, and assets with and without risk 2. The determination of the riskiness of a firm via the Capital Asset Pricing Model (CAPM) 3. An introduction to market efficiency, capital structure, derivatives pricing. <p>Students after this course will be able to assess typical real-world finance problems such as the valuation of investment projects or financial assets, analyzing stock market returns, and understanding problems arising through information asymmetries.</p> <p>As this course introduces finance as a field within economics and business administration, focus will be given to the intuition and understanding of basic principles instead of focusing on strictly formal analysis.</p> <p>The teaching methods involve lectures and tutorials. In the lecture, the introduction to finance will be provided, focusing on the theory of finance, empirical regularities, and intuition.</p> <p>In addition, the tutorials will be used to discuss practical exercises that will either be demonstrated by the lecturer or be presented by students. The respective exercise sheets will be available before each tutorial session.</p> <p>Active participation and asking questions are essential in both the lectures and the tutorials.</p>		
Learning outcomes of the course unit	Teaching methods	Assessment methods
Have acquired knowledge in classical and modern theories of economics and finance and is able to apply them when analysing economic problems.	Lectures and lecture notes, tutorials.	Midterm exam (25 / 35%, 45 minutes)

Appreciate the possibilities and the limits of scientific research methods when solving economic problems.	Lectures and lecture notes, tutorials, applied data (Bloomberg) analysis.	Final exam (65 / 75%, 90 minutes)
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Content	Contact / Individual work: time and assignments								Tasks for individual work
	Lectures	Tutorials	Seminars	Workshops	Laboratory work	Internship	Contact hours, total	Individual work	
1. Introduction and basics	2						2	6	BMA, Ch. 1
2. Financial markets and Net Present Value (NPV)	4	2					6	10	BMA, Ch. 2+5+6
3. Valuation of bonds and stocks	4	2					6	12	BMA, Ch. 3+4
4. Risk and return	4	2					6	22	BMA, Ch. 7-8
5. Market Efficiency	2	1					3	6	BMA, Ch. 13
6. Capital structure	4	2					6	15	BMA, Ch. 9, 16-18
7. M&As, corporate strategy	2	2					4	12	BMA, Ch. 19+31
8. Introduction to derivatives pricing	2	1					3	10	Hull, Ch. 13; BMA, Ch. 20+21
<i>Review Sessions</i> (optional)	1						1		
Total	25	12					37	93	

Assessment strategy	Weight %	Deadline	Assessment criteria
Midterm exam (45 minutes)	25/35	After roughly half of the course	<p>Written exam held before a lecture or tutorial. Potentially, a mixture of multiple choice questions and exercises that require calculations or concise answers.</p> <p>The share of the mid-term exam is 25% if the grade in the mid-term exam is worse than the final exam grade and 35% if better than the final exam grade.</p>
Final exam (90 minutes)	75/65	Exam period (the two weeks before Christmas)	<p>Written exam held in the exam period before Christmas. A collection of exercises that require calculations or concise answers.</p> <p>Midterm and final exams shall be assessed in the following way:</p>

			- over 95%, or excellent: 10; - over 85%, or very good: 9; - over 75%, or good: 8; - over 65%, or fair: 7; - over 55%, or satisfactory: 6; - over 49%, or poor: 5. Under 49%, or unsatisfactory: 4, 3, 2, 1.
Class participation	Up to 0.5 additional grade points for the final grade	During tutorials; a class project	An active participation implies writing the solution on the board and explaining to everyone how the exercise was solved.

Author (-s)	Publishing year	Title	Issue no. or volume	Publishing house or web link
Required reading				
Lecture slides as well as online resources will be made available to all students.				
Richard A. Brealey; Stewart C. Myers; Franklin Allen (BMA)	2020	Principles of Corporate Finance	13th global edition	McGraw-Hill
Recommended reading				
Stephen Ross; Randolph Westerfield; Jeffrey Jaffe	2012	Corporate Finance	9th edition	McGraw-Hill
Zvi Bodie, Alex Kane and Alan J. Marcus	2010	Investments	9th edition	McGraw-Hill
John C. Hull	2017	Options, Futures and Other Derivatives	10th edition	Prentice-Hall