

Course No.: DLBCFIE01	Course Title: Corporate Finance and Investment	Hours Total: 150 h
		Credit Points: 5 ECTS
Course Type: Pflicht Course Availability: Course Duration: Minimum 1 Semester	Admission Requirements: None	
Course Coordinator / Instructor: See current list of tutors in the Learning Management System	References to Other Modules: Please see module description	
<p>Course Description:</p> <p>This course introduces students to the targets and scope of corporate finance and the role of financial markets. The separation of ownership and control is a constituent feature of corporations; we explore the resulting agency problems and the mechanisms available to mitigate the costs of such agency relationships.</p> <p>Students will be introduced to fundamentals of theory and practice regarding principles of modern corporate finance. They will learn to read and analyze financial statements from a financing point of view and develop a detailed understanding of concepts such as the time value of money, interest rates, and cost of capital.</p> <p>Equipped with this basic knowledge, equity and debt financing will then be discussed at length. The financial leverage effect on rates of return will be explored and leasing and hybrid financial instruments as an alternative to pure equity and debt financing are presented. Students will understand how corporations apply short-term measures of financing and how effective cash and working capital management is used to reduce short-term financing needs and costs.</p> <p>This course will conclude with a discussion on the investment processes of corporations with a particular focus on the challenge of estimating expected cash flows. Students will understand how to use financial modelling and incorporate risk in the decision process and be able to analyse applied investment rules and methodologies.</p> <p>Course Objectives and Outcome:</p> <p>On successful completion of this course, students will be able to:</p> <ul style="list-style-type: none"> • recognize the targets and scope of corporate finance and the role of financial markets • understand agency-problems in corporations and how incentives and institutional and market mechanisms are used to mitigate agency costs • interpret financial statements and key performance indicators and draw conclusions about financing alternatives and potentials of a corporation • consider the time value of money and calculate the cost of capital used to discount future project cash flow streams • implement a long-term financing strategy and structure for corporations based on an appropriate mix of equity, debt, leasing, and hybrid financial instruments • effectively utilize cash management and working capital management to reduce short-term financing needs and costs • prepare investment decisions, estimate expected project cash flows and incorporate cash flow related risks into the decision process • apply investment decision methodologies to evaluate and select beneficial corporate investment projects <p>Teaching Methods:</p>		

The learning materials include printed and online course books, vodcasts, online knowledge tests, podcasts, online tutorials, and case studies. This range of learning materials is offered to students so they can study at a time, place, and pace that best suits their circumstances and individual learning style.

Course Content:

- 1. Introduction to Corporate Finance**
 1. The Targets and Scope of Corporate Finance
 2. The Role of the Financial Manager
 3. The Financial Market Environment
- 2. Ownership and Corporate Governance**
 1. The Four Legal Types of Firms
 2. Agency Relations and Agency Problems in Corporations
 3. Institutional Investors, Incentives, and Market Control Mechanisms
- 3. Understanding Financial Statements and Key Performance Indicators**
 1. Balance Sheets
 2. Income Statements
 3. Cash Flow Statements
 4. Measuring Performance: Key Performance Indicators
- 4. Basic Concepts of Financial Theory**
 1. Time Value of Money and Cash Flow Streams
 2. Interest Rates: Determinants and Quotes
 3. Estimating the Cost of Capital
- 5. Long-Term Financing Decisions**
 1. Equity Capital
 2. Debt Financing
 3. Leasing and Hybrid Financial Instruments
 4. Financial Leverage and Capital Structure
- 6. Short-Term Financing Decisions**
 1. Cash Budgets and Short-Term Financial Plans
 2. Treasury and Cash Management
 3. Working Capital Management
- 7. Capital Budgeting and Financial Modeling**
 1. Capital Budgeting and Investments
 2. Building Financial Models and Estimating Expected Cash Flows
 3. Incorporating Risk in Capital Budgeting Decisions
- 8. Investment Rules and Decision Methods**
 1. Accounting Rate of Return
 2. Payback Period Method
 3. Net Present Value
 4. Internal Rate of Return
 5. Profitability Index

Literature:

- Berk, J., & DeMarzo, P. (2017). Corporate finance (4th ed.). Upper Saddle River, NJ: Pearson.
- Brealey, R. A., Myers, S. C., Allen, F. (2010). Principles of corporate finance (10th ed.). New York, NY: McGraw-Hill.
- Ross, S. A., Westerfield, R. W., Jaffe, J., & Jordan, B. D. (2016). Corporate finance (11th ed.). New York, NY: McGraw-Hill.
- Gitman, L. J., & Zutter, C. J. (2015). Principles of managerial finance (14th ed.). Upper Saddle River, NJ: Pearson.
- Holden, C. W. (2015). Excel modeling in corporate finance (5th ed.). Upper Saddle River, NJ: Pearson.
- Moles, P., Parrino, R., & Kidwell, D. S. (2011). Corporate finance. Chichester: John Wiley & Sons.
- Baker, H. K., & English, P. (2011). Capital budgeting valuation: Financial analysis for today's investment projects. Chichester: John Wiley & Sons.
- Peterson, P. P., & Fabozzi, F. J. (2002). Capital budgeting: Theory and practice. Chichester: John Wiley & Sons.

Prerequisites to Qualify for Assessment:

- Depending on the course: Completion of online knowledge tests (approx. 15 minutes per unit, pass / not pass)
- Course evaluation

Assessment:

- Written Assessment: Written Assignment

Student Workload (in hours): 150

Self-study: 110
Self-testing: 20
Tutorials: 20