

<b>Module Title:</b>	<b>Corporate Finance and Investment</b>	
<b>Module No.:</b> DLBCFIE	<b>Semester / Term:</b> --	<b>Duration:</b> Minimum 1 Semester
<b>Module Type(s):</b> Pflicht	<b>Regularly offered in:</b> WS, SS	
<b>Workload:</b> 150 h	<b>Credit Points:</b> 5	
<b>Admission Requirements:</b> None	<b>Language of Instruction:</b> Englisch	
<b>Contributing Courses to Module:</b> <ul style="list-style-type: none"><li>Corporate Finance and Investment (DLBCFIE01)</li></ul>	<b>Workload:</b> Self-study: 110 h Self-examination: 20 h Tutorials: 20 h	
<b>Course Coordinator(s) / Tutor(s):</b> Please see the current list of tutors on the Learning Management System.	<b>Module Director:</b> Dr. habil. Jessica Hastenteufel	
<b>References to Other Programs:</b> <ul style="list-style-type: none"><li>Path to Master</li></ul>	<b>References to Other Modules in the Program:</b> <ul style="list-style-type: none"><li>Financial Management</li><li>Management Accounting</li></ul>	
<b>Qualification and Educational Objectives of the Module:</b> On successful completion of this module, students will be able to: <ul style="list-style-type: none"><li>recognize the targets and scope of corporate finance and the role of financial markets</li><li>understand agency-problems in corporations and how incentives and institutional and market mechanisms are used to mitigate agency costs</li><li>interpret financial statements and key performance indicators and draw conclusions about financing alternatives and potentials of a corporation</li><li>consider the time value of money and calculate the cost of capital used to discount future project cash flow streams</li><li>implement a long-term financing strategy and structure for corporations based on an appropriate mix of equity, debt, leasing, and hybrid financial instruments</li><li>effectively utilize cash management and working capital management to reduce short-term financing needs and costs</li><li>prepare investment decisions, estimate expected project cash flows and incorporate cash flow related risks into the decision process</li><li>apply investment decision methodologies to evaluate and select beneficial corporate investment projects</li></ul>		

**Course Content of the Module:**

- Introduction to Corporate Finance
- Ownership and Corporate Governance
- Understanding Financial Statements and Key Performance Indicators
- Basic Concepts of Financial Theory
- Long-term Financing Decisions
- Short-term Financing Decisions
- Capital Budgeting and Financial Modeling
- Investment Rules and Decision Methods

**Teaching Methods:**

See the contributing course outline

**Literature:**

See the contributing course outline

**Percentage of the Module Grade Relative to the Final Grade for the Program:**

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**Prerequisites to Qualify for Assessment:**

See the contributing course outline

**Assessment:****DLBCFIE01:**  
Written Assessment:  
Written Assignment  
(100%)

<b>Course No.:</b> DLBCFIE01	<b>Course Title:</b> Corporate Finance and Investment	<b>Hours Total:</b> 150 h  <b>Credit Points:</b> 5 ECTS
<b>Course Type:</b> Pflicht <b>Course Availability:</b> <b>Course Duration:</b> Minimum 1 Semester		<b>Admission Requirements:</b> None
<b>Course Coordinator / Instructor:</b> See current list of tutors in the Learning Management System		<b>References to Other Modules:</b> Please see module description
<p><b>Course Description:</b></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><b>Course Objectives and Outcome:</b></p> <p>On successful completion of this course, students will be able to:</p> <ul style="list-style-type: none"> <li>• recognize the targets and scope of corporate finance and the role of financial markets</li> <li>• understand agency-problems in corporations and how incentives and institutional and market mechanisms are used to mitigate agency costs</li> <li>• interpret financial statements and key performance indicators and draw conclusions about financing alternatives and potentials of a corporation</li> <li>• consider the time value of money and calculate the cost of capital used to discount future project cash flow streams</li> <li>• implement a long-term financing strategy and structure for corporations based on an appropriate mix of equity, debt, leasing, and hybrid financial instruments</li> <li>• effectively utilize cash management and working capital management to reduce short-term financing needs and costs</li> <li>• prepare investment decisions, estimate expected project cash flows and incorporate cash flow related risks into the decision process</li> <li>• apply investment decision methodologies to evaluate and select beneficial corporate investment projects</li> </ul> <p><b>Teaching Methods:</b></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.

**Examinations:**

- Written Assessment: Written Assignment

**Student Workload (in hours): 150**

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