

Corporate Finance and Investment

Module Code: DLBCFIE

Module Type see curriculum	Admission Requirements none	Study Level BA	CP 5	Student Workload 150 h
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Semester / Term see curriculum	Duration Minimum 1 semester	Regularly offered in WiSe/SoSe	Language of Instruction and Examination English
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Module Coordinator

Prof. Dr. Muhammad Ashfaq (Corporate Finance and Investment)

Contributing Courses to Module

- Corporate Finance and Investment (DLBCFIE01)

Module Exam Type

Module Exam

Study Format: Distance Learning
Written Assessment: Written Assignment
Study Format: myStudies
Written Assessment: Written Assignment

Split Exam

Weight of Module

see curriculum

Module Contents

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

Learning Outcomes**Corporate Finance and Investment**

On successful completion, students will be able to

- 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 optimize 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 favorable corporate investment projects.

Links to other Modules within the Study Program

This module is similar to other modules in the fields of Finance & Tax Accounting

Links to other Study Programs of the University

All Bachelor Programmes in the Business & Management fields

Corporate Finance and Investment

Course Code: DLBCFIE01

Study Level	Language of Instruction and Examination	Contact Hours	CP	Admission Requirements
BA	English		5	none

Course Description

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; students explore the resulting agency problems and the mechanisms available to mitigate the costs of agency relationships. 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. After introducing basic concepts, equity and debt financing will 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 study 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. 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 learn how to include risk as a factor in the decision process and be able to analyse applied investment rules and methodologies.

Course Outcomes

On successful completion, students will be able to

- recognize the targets and scope of corporate finance and the role of financial markets .
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Contents

1. Introduction to Corporate Finance
 - 1.1 The Targets and Scope of Corporate Finance
 - 1.2 The Role of a Financial Manager
 - 1.3 The Financial Market Environment
2. Ownership and Corporate Governance
 - 2.1 Legal Types of Firms
 - 2.2 Agency Relations and Agency Problems in Corporations
 - 2.3 Institutional Investors, Incentives, and Market Control Mechanisms
3. Understanding Financial Statements and Key Performance Indicators
 - 3.1 Balance Sheets
 - 3.2 Income Statements
 - 3.3 Cash Flow Statements
 - 3.4 Measuring Performance: Key Performance Indicators
4. Basic Concepts of Financial Theory
 - 4.1 Time Value of Money and Cash Flow Streams
 - 4.2 Interest Rates: Determinants and Quotes
 - 4.3 Estimating the Cost of Capital
5. Types of Capital and Financing
 - 5.1 Equity Capital
 - 5.2 Debt Financing
 - 5.3 Leasing
 - 5.4 Financial Leverage and Capital Structure
6. Short-Term Financing Decisions
 - 6.1 Cash Budgets and Short-Term Financial Plans
 - 6.2 Treasury and Cash Management
 - 6.3 Working Capital Management
7. Capital Budgeting and Decision-Making Methods in Investment
 - 7.1 Capital Budgeting and Investments
 - 7.2 Incorporating Risk in Capital Budgeting Decisions
 - 7.3 Investment Rules and Decision-Making Methods

Literature**Compulsory Reading****Further Reading**

- Brigham, E. F., & Houston, J. F. (2019). Fundamentals of financial management (15th ed.). Southwestern-Cengage.
- Zutter, C. J., & Smart, S. B. (2019). Principles of managerial finance (15th ed.). Pearson .

Study Format Distance Learning

Study Format Distance Learning	Course Type Online Lecture
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Information about the examination	
Examination Admission Requirements	BOLK: yes Course Evaluation: no
Type of Exam	Written Assessment: Written Assignment

Student Workload					
Self Study	Contact Hours	Tutorial	Self Test	Independent Study	Hours Total
110 h	0 h	20 h	20 h	0 h	150 h

Instructional Methods	
<input type="checkbox"/> Learning Sprints® <input checked="" type="checkbox"/> Course Book <input type="checkbox"/> Vodcast <input checked="" type="checkbox"/> Shortcast <input checked="" type="checkbox"/> Audio <input type="checkbox"/> Exam Template	<input type="checkbox"/> Review Book <input type="checkbox"/> Creative Lab <input checked="" type="checkbox"/> Guideline <input checked="" type="checkbox"/> Live Tutorium/Course Feed <input type="checkbox"/> Reader <input checked="" type="checkbox"/> Slides

Study Format myStudies

Study Format myStudies	Course Type Lecture
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Information about the examination	
Examination Admission Requirements	BOLK: yes Course Evaluation: no
Type of Exam	Written Assessment: Written Assignment

Student Workload					
Self Study	Contact Hours	Tutorial	Self Test	Independent Study	Hours Total
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Instructional Methods	
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