

MBA-BF-3 Financial Management

Instructors: JProf. Dr. Alexander D. F. Lahmann

Org-unit: MBA

Displayed in timetable as: M14-FMan

Credits: 3,0

Language of instruction: English

Learning objectives and outcomes:

The aim of this course is to provide a solid understanding of the theoretical foundations for financing and investment decisions of corporations.

At the end of this course, participants should be able to understand the terminology and basic concepts underlying financial management. Furthermore, they grasp the conceptual framework underlying foundation topics in corporate finance including valuation techniques, investment and financing decisions. With this on hand they can analyze and solve fairly complex corporate finance and investment decisions.

Content:

The course covers the most important decisions on corporate level: investment, financing and payout decisions. Therefore, it focuses on the following topics:

- Introduction: Corporate Goals and Corporate Finance
- Valuation and Capital Budgeting: First Principles: Making Consumption and Investment Choices, Discounted Cash Flow Valuation, Net Present Value and Other Investment Rules, Making Capital Investment Decisions
- Risk: Risk and Return - Lessons from Market History, Return and Risk - The Capital Asset Pricing Model (CAPM), Risk, Cost of Capital, and Capital Budgeting
- Capital Structure and Dividend Policy: Capital Structure - Basic Concepts, Capital Structure - Limits to the Use of Debt, Dividends and Other Payouts

Teaching Methods:

Interactive lecture, discussion, exercise sessions, case studies, and self-study.

Conditions of Participation:

Admission to the HHL Master Program in General Management (MBA).

Application, combination and frequency:

The course is part of the core module "Business Fundamentals" and can only be chosen in combination with all other courses of the module. The course is held once a year.

Conditions for credit points and grades:

Credit points are awarded for passing the module "Business Fundamentals". The module is passed if the weighted average of the single grades of the courses is 4,0 or better. The grade of the course is determined by the weighted average of the single grades of the examinations. The weights of the single examinations are:

- Assignment (Individual): 30% of overall grade
- Case Study (Group work): 20% of overall grade
- Written Exam (Individual): 50% of overall grade

The grades range from 1 to 5.

Workload:

The course "Financial Management" accounts for 3 ECTS, which are equivalent to a total workload of

90 hours, i.e. approx. 24 hours of classes, 6 contact hours, and 60 hours of preparation and self-study.

Duration:

The course extends over one term.

Literature:

• Ross, Westerfield, Jaffe, Jordan (2007): Modern Financial Management. 8th Edition. New York: McGraw-Hill.