



## Course syllabus

School of Business and Economics  
Department of Management

2FE086 Bachelor Course in Finance I, 30 högskolepoäng  
Bachelor Course in Finance I, 30 credits

### **Main field of study**

Business Administration

### **Subject**

Business Administration

### **Level**

First cycle

### **Progression**

G2F

### **Date of Ratification**

Approved 2017-10-18.

Revised 2024-02-19. Revision of objectives, content, type of instruction, examination and updating of standard texts

The course syllabus is valid from autumn semester 2024.

### **Prerequisites**

Business Administration 60 credits, including basic courses in Financial Accounting, Finance and Management Accounting, or the equivalent. English 6, or the equivalent.

## Objectives

### **Module 1: Accounting Theory, 7.5 credits**

After completing this module the student should be able to:

- summarize the foundation of external accounting and explain corporate accountability
- identify the development of theories and research in the field of accounting and

- analyze external accounting
- differentiate and apply accounting theories to, in English, analyze accounting-related phenomena and consider sustainability
- within specified time frames and in English conduct and report project work in written and oral form

### **Module 2: Econometrics, 7.5 credits**

After completing this module the student should be able to:

- formulate a hypothesis based on economic theory and specify a testable econometric model
- explain and describe regression models (simple and multiple), their properties and inference
- identify, explain and solve for problems such as heteroscedasticity, autocorrelation and multicollinearity
- explain and interpret time series models such as Autoregressive Integrated Moving Average (ARIMA) and Generalized Autoregressive Conditional Heteroskedastic (ARCH)/Autoregressive Conditional Heteroskedastic (GARCH)
- explain and identify Grangercausality, (non)stationarity and cointegration
- apply regression models to estimate and analyze economic relationships
- explain the possibilities and limitations associated with different data when using regression analysis
- explain and understand the intuition of the most common statistical methods to isolate causal effects
- interpret results in written and oral form from a regression analysis in both a scientific and a popular way
- use statistical software to perform data processing and estimation

### **Module 3: Portfolio Choice Theory, 7.5 credits**

After completing this module the student should be able to:

- analyze conditions and developments on the financial markets
- account for financial assets, the risks of investing in financial assets and how financial assets can be used in risk management
- explain the formation of prices in financial markets and about the essential theories in finance
- account for interest rate theory and portfolio theory
- calculate financial relationships and the price of financial assets

### **Module 4: Corporate Finance I, 7.5 credits**

After completing this module the student should be able to:

- account for financial theory and methods, and apply these for analyzing and reason on a sophisticated level about financial issues
- perform advanced financial planning for firms based on varying conditions
- account for the basics of international finance and international capital markets
- describe the function and organization of the capital market, from the perspective of firms, the capital market, and society
- account for the basics of cash management, and apply these for optimizing firms' cash flows in varying situations
- apply financial theory and experiential knowledge in order to, within a given timeframe and with a consistently described and executed method, perform valuation of a firm, and present the results in both written and oral form
- carry out an opposition of co-students' reports characterized by a critical and

reflective stance

## Content

### **Module 1: Accounting Theory, 7.5 credits**

The module contains:

- overview of the fundamentals of external accounting and corporate accountability, as well as its impact on the form and content of external accounting
- developments in accounting theory and research, as well as the content of external accounting with a focus on regulations, norms, capital markets, shareholders, and stakeholders
- application of accounting theories and analysis of accounting phenomena, including sustainability
- reporting in external accounting

### **Module 2: Econometrics, 7.5 credits**

The module contains:

- Ordinary Least Squares
- model specification and diagnostics testing
- dynamic econometrics models
- causality and instrumental variables
- identification, estimation, diagnostic testing and prediction of ARIMA-models

### **Module 3: Portfolio Choice Theory, 7.5 credits**

The module contains:

- financial markets and financial assets
- risk, return, the efficient frontier for risky assets and optimal portfolio choice
- Capital Assets Pricing Model (CAPM), Arbitrage Pricing Theory (APT) and evaluation of risky investments
- interest rate calculations and analysis of the yield curve
- the law of one price, arbitrage and the efficient market hypothesis on the financial markets
- risk management with financial assets
- behavioural finance

### **Module 4: Corporate Finance I, 7.5 credits**

The module contains:

- capital markets and the pricing of risk
- optimal portfolio choice and the Capital Asset Pricing Model
- estimating the cost of capital
- investor behavior and capital market efficiency
- capital structure in a perfect market
- debt and taxes
- financial distress, managerial incentives, and information
- payout policy
- capital budgeting and valuation with leverage
- valuation and financial modeling

## Type of Instruction

**Module 1: Accounting Theory, 7.5 credits**

The teaching consists of lectures and seminars. Seminars for project work are compulsory components. Dates for compulsory components are stated in the schedule.

**Module 2: Econometrics, 7.5 credits**

The teaching consists of lectures, laboratory sessions and tutorials.

**Module 3: Portfolio Choice Theory, 7.5 credits**

The teaching consists of lectures and group exercises.

**Module 4: Corporate Finance, 7.5 credits**

The teaching consists of lectures, seminars and practical assignments.

## Examination

The course is assessed with the grades A, B, C, D, E or F.

**Module 1: Accounting Theory, 7.5 credits**

The module is examined through a written individual examination 5 credits and a written paper in group 2.5 credits.

**Module 2: Econometrics, 7.5 credits**

The module is examined through an individual written examination 5.5 credits, an individual laboratory session 1 credit and an individual written assignment 1 credit.

**Module 3: Portfolio Choice Theory, 7.5 credits**

The module is examined through an individual written examination 4.5 credits and written group assignment 3 credits.

**Module 4: Corporate Finance I, 7.5 credits**

The module is examined through a written case assignment that is presented orally 3 credits and an individual written exam 4.5 credits.

**The following applies to all modules:**

The grade A constitutes the highest grade on the scale and the remaining grades follow in descending order where the grade E is the lowest grade on the scale that will result in a pass. The grade F means that the student's performance is assessed as fail.

The grade of the course is a combined assessment from the grades of the various course modules. The combined assessment is based on the grades and the scope of the course (30 credits). The more extensive a module is, the greater impact it will have on the final grade. Module grades with the grading scale between G-U will not be considered into the combined assessment. However, a G is required for each of the modules in order to receive a final course grade.

Resit examination is offered in accordance with Linnaeus University's Local regulations for courses and examination at the first- and second-cycle levels.

In the event that a student with a disability is entitled to special study support, the examiner will decide on adapted or alternative examination arrangements.

## Course Evaluation

A course evaluation should be conducted during the course or in connection with its conclusion. The results and analysis of the completed course evaluation should be promptly communicated to students who have completed the course. Students

participating in the next course instance should be informed of the results of the previous course evaluation and any improvements that have been made, no later than at the start of the course.

## Overlap

The course cannot be included in a degree along with the following course/courses of which the content fully, or partly, corresponds to the content of this course:

Module 1: 2FE190, 2FE050, 2FE001, 2FE919, 2FE044:1, 2FE045:1, 2FE046:1 and 2FE085:1 with 7.5 credits each.

Module 2: 1NA005:2, 2NA001, 2FE045:2, 1NA004:2, 1NA011, 1NA016:2 and 1NA071 with 7,5 credits each.

Module 3: 2NA002, 2FE045:3, 1NA004:6, 1NA074 and 2NA01E:5 with 7.5 credits each. The module also overlap 2NA060 with 6 credits.

Module 4: 2FE193, 2FE004, 2FE918, 2FE044:4, 2FE045:4 and 2FE085:4 with 7.5 credits each.

## Other Information

Degree-seeking students, aiming towards achieving an undergraduate degree, are expected to complete this course and the follow-up course 'Bachelor Course Finance II Including Degree Project' at Linnaeus University. These two courses combined with a minimum of 120 credits of previous studies, out of which at least 60 credits in Business Administration and 30 credits outside of Business Administration, might make the student eligible for an undergraduate degree. All students have to apply for a degree upon completion of their studies, and their degree application is evaluated in relation to the local degree regulations at Linnaeus University.

## Required Reading and Additional Study Material

### **Module 1: Accounting Theory 7.5 credits**

#### **Required reading**

Deegan, C. *Financial Accounting Theory*. Cengage. Latest edition. About 700 pages.

Scientific articles and additional literature may be included. About 100 pages.

### **Module 2: Econometrics, 7.5 credits**

#### **Required reading**

Wooldridge, J. *Introductory Econometrics*. Cengage. Latest edition. About 830 pages.

Scientific articles and statistics provided by the teacher. About 100 pages.

### **Module 3: Portfolio Choice Theory, 7.5 credits**

#### **Required reading**

Bodie, Z., Kane, A. & Marcus, A., *Investments Global Edition*, McGrawHill. Latest edition. About 1080 pages.

Scientific articles within Financial Economics. About 150 pages.

### **Module 4: Corporate Finance I, 7.5 credits**

#### **Required reading**

Berk & DeMarzo. *Corporate Finance*. Pearson Education. Latest edition. About 1160 pages.

Additional study material. About 80 pages.