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Institute of Economics and Management  
Department of Finance and Environmental Economics**

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***PROGRAMME OF THE DISCIPLINE***

**Managing finances and investment decision making**

Specialty: **all specialties**

Specialization: **all specializations**



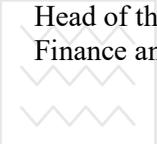
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Rivne -2020

Program of the discipline "Managing finances and investment decision making" for students studying at all specialties NUWEE – Rivne: NUWEE, 2020. – 12 p.

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The program was approved at a meeting of Department of Finance and Environmental Economics by « \_\_\_\_ » \_\_\_\_\_ 2020  
Protocol № \_\_\_\_\_

 Head of the department of  
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 Considered and approved  
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T.A. Kostyukova

## Introduction

Finance is the application of economic principles to decision-making that involves the allocation of money under conditions of uncertainty. In other words, in finance we worry about money and we worry about the future. Investors allocate their funds among financial assets in order to accomplish their objectives, and businesses and governments raise funds by issuing claims against themselves and then use those funds for operations. Finance provides the framework for making decisions as to how to get funds and what we should do with them once we have them. It is the financial system that provides the platform by which funds are transferred from those entities that have funds to those entities that need funds.

This course will introduce you to the workings of the free markets and the foundations of finance. Your financial toolkit will include timeless concepts like compounding, discounting, annuities, effective interest rates, and more. You will also learn how to simplify important financial calculations and apply that knowledge to real-life decisions that can influence everything from how you pay for your car to where you live. Through peer review you will publish your view on an issue important to you. You will also discover how your applied decisions connect to bigger questions relating to changing financial conditions. The study of principles of financial decision-making and behavioral finances will reward you with an understanding of many exciting issues. In this course, we provide a road map by outlining these issues and exploring why they are worth studying. This course addresses the needs of both practitioners and educators in finance.

## Abstract

The course “Managing finances and investment decision making” is the selective course for the students studying at all specialties NUWEE of full-time and part-time forms of education, and is taught in accordance with the curriculum for the training of students for the educational level "Bachelor".

The course prepares the foundation for the study of other key economic courses. It is based on the knowledge obtained from such course as „Statistics”, „Microeconomics”, „Finance of Enterprises” and the acquired knowledge will be used in further studies of such courses: „Investments”, „Financial market”, “Financial management”, „Corporate finance”.

**Keywords:** Personal Finances, Corporate Finances, Time Value of Money, Annuities, financial decision-making, real and financial assets, capital, risk, behavioral finance.

### Анотація

Курс „Управління фінансами та прийняття інвестиційних рішень” - це вибірковий курс для студентів всіх спеціальностей НУВГП денної та заочної форм навчання першого (бакалаврського) рівня вищої освіти.

Вивчення даної дисципліни забезпечує основу для подальшого вивчення ключових економічних курсів. Вона ґрунтується на знаннях, отриманих з таких курсів, як „Статистика”, „Мікроекономіка”, „Фінанси підприємств”, а отримані знання будуть використані в подальших дослідженнях таких курсів: „Інвестиції”, „Фінансовий ринок”, „Фінансовий менеджмент”, „Корпоративні фінанси”.

**Ключові слова:** особисті фінанси, корпоративні фінанси, часова цінність грошей, ануїтет, прийняття фінансових рішень, реальні та фінансові активи, капітал, ризик, поведінкове фінансування.

### 1. Description of the course

Name indicators	Branch of knowledge, specialty, specialization, level of higher education	Characteristics of the course	
		full-time education	part-time education
Established ECTS credits – 3	All specialties	Selective	
Modules – 1		<b>Year of preparation:</b>	
Content modules – 2			
Total hours – 90		<b>Lectures</b>	
Weekly hours for full-time study: classroom – 2 independent work of the student – 4	Higher education level: <b>bachelor</b>	16 hours	2 hours
		<b>Practical, seminars</b>	
		14 hours	6 hours
		<b>Laboratory</b>	
		–	–
<b>Independent work</b>		60 hours	82hours
Type of control: <b>test</b>			

**Note.** The ratio of the number of classes to independent and individual work of students:

for full-time education - 35% to 65%.

for part-time education - 10% to 90%.

## 2. Goal, task of the course

**2.1. The purpose** of the course is to settle modern economic thinking, as well as a system of special knowledge and skills in the field of managing personal and corporate finances, practical skills of financial decision-making.

The subject of the course determines theoretical and practical principles of managing the financial resources, personal and corporate finances, making decisions aimed at ensuring the growth of its value.

*Objectives of the course are:* determining the nature and methodological bases of managing finances, cash flow management, managing personal and corporate finances; mastering the method of determining the value of capital and ways to optimize its structure; investing decision-making.

**The main tasks** of studying the course "Managing finances and investment decision making" are: **formation** of a holistic system of knowledge about: the theoretical foundations of the personal and corporation finances; measuring and managing the risks; managing the cash flows, assets and capital; taking into account modern theories of investment decision making.

After studying course students should **know**:

- the nature, functions and role of finances;
- structure of the personal finances;
- fundamentals of corporation finance functioning;
- the nature of risk and way to manage it;
- points to consider for the behavioral investor.

Students who successfully complete this subject **will be able to**:

- perform time value of money calculations in personal and corporate financial decision-making
- use balance sheets and cash-flow statements to measure financial health and progress;
- evaluate financial strength and progress using financial ratios.
- collect and organize the financial records necessary for managing finances;
- measure risk and develop plan to reduce risks.

### 3. Program of educational course

## CONTENT MODULE 1

## FUNDAMENTAL CONCEPTS OF MANAGING FINANCES

#### **Theme 1. An introduction to managing finances**

An overview of finances. Understanding Personal Finances. The basics of corporate finances. Financial statements.

#### **Theme 2. The math of finance**

The Time Value of Money. Calculating the Future Value. Calculating a Present Value. Ratio Analysis.

#### **Theme 3. Cash Flow Analysis**

The Time Value of a Series of Cash Flows Annuities. Difficulties with Measuring Cash Flow. Free Cash Flow.

## CONTENT MODULE 2

## FINANCIAL DECISION-MAKING AND INVESTOR BEHAVIOR

#### **Theme 4. Managing Personal Finances**

Building and Maintaining Good Credit. Investing Financial assets. Managing personal finances software.

#### **Theme 5. Corporate finance**

Corporate Financial Decisions. Valuation of a Firm. Characteristics Capital structure and leverage. Working capital management.

#### **Theme 6. Financial risk management**

The Definition of Risk. Measuring the risk. Managing Risks.

#### **Theme 7. Behavioral finance**

The efficient market hypothesis. Behavioral Finance. Points to consider for the behavioral investor.

#### 4. The structure of the course

The name of the modules and themes	Total, hours	Including			Total, hours	Including		
		Lectures	Practical training	independent work		Lectures	Practical training	independent work
	full-time education				part-time education			
<b>CONTENT MODULE 1. FUNDAMENTAL CONCEPTS OF MANAGING FINANCES</b>								
Theme 1. An introduction to managing finances	12	2	2	8	12	-	-	12
Theme 2. The math of finance	16	4	2	10	15	1	2	12
Theme 3. Cash Flow Analysis	12	2	2	8	14	1	1	12
<b>CONTENT MODULE2. FINANCIAL DECISION-MAKING AND INVESTOR BEHAVIOR</b>								
Theme 4. Managing Personal Finances	12	2	2	8	13	-	1	12
Theme 5. Corporate finance	14	2	2	10	13	-	1	12
Theme 6. Financial risk management	12	2	2	8	13	-	1	12
Theme 7. Behavioral finance	12	2	2	8	10	-	-	10
<b>Total</b>	<b>90</b>	<b>16</b>	<b>14</b>	<b>60</b>	<b>90</b>	<b>2</b>	<b>6</b>	<b>82</b>

#### 5. Practical training (workshops)

The name of the training classes	The number of hours	
	full-time	part-time
Theme 1. An introduction to managing finances	2	-
Theme 2. The math of finance	2	2
Theme 3. Cash Flow Analysis	2	1
Theme 4. Managing Personal Finances	2	1
Theme 5. Corporate finance	2	1
Theme 6. Financial risk management	2	1
Theme 7. Behavioral finance	2	-
<b>Total</b>	<b>14</b>	<b>6</b>

## 6. Independent work (Self-study)

Hours of independent work for full-time education:

- preparation for class (0.5.1 hours) – 15 hours\$
- preparation for control measures (6 hours for 1 credit) – 18 hours;
- discover topics for the program or parts of them, which are not covered at lectures – 27 hours.

The name of the training classes	The number of hours	
	full-time education	part-time education
Theme 1. An introduction to managing finances	8	12
Theme 2. The math of finance	10	12
Theme 3. Cash Flow Analysis	8	12
Theme 4. Managing Personal Finances	8	12
Theme 5. Corporate finance	10	12
Theme 6. Financial risk management	8	12
Theme 7. Behavioral finance	8	10
<b>Total</b>	<b>60</b>	<b>82</b>

## 7. Methods of training

The study of course is achieved through informational, illustrative and problem-based teaching methods. Lectures are accompanied by demonstration of schemes, tables with multimedia support. At practical lessons, tasks that are close to real situations are considered and solved:

- handout material (visibility) is used to form students in systems thinking, memory development;
- discussion of problem issues;
- provocative questions are asked.

Training is accompanied by the development of normative, educational literature, as well as periodicals. In the course for activating the educational process, the use of modern educational technologies is foreseen, such as: problem lectures, work in small groups, discussion seminars, case method, brainstorming method, method of free associations, method of discussion of thematic images, method of

"benefits" and disadvantages ", the " Work on the net "method, business games, excursions.

**Problematic lectures** are aimed at developing the logical thinking of students. The topic of the lecture is limited to two or three key points, the students focus on material that has not been reflected in the textbooks, the experience of foreign educational institutions with the distribution of students during the lecture of the printed material and the allocation of main conclusions on the issues under consideration are used.

**Mini-lectures** provide for teaching material in a short period of time and are characterized by significant capacity, complexity of logical constructions, images, evidence and generalizations. Mini-lectures are held, as a rule, as part of a study-study.

**Work in small groups** makes it possible to structure lectures or practical seminars according to the form and content, creates opportunities for each student to participate in the work on the topic of classes, provides the formation of personal qualities and experience of social communication.

**Presentations** to the audience, are used to present certain achievements, group performance, report on the performance of individual tasks. One of the positive features of the presentation and its benefits when used in the learning process is the exchange of experience that students gained while working in a particular small group.

**Seminars-discussions** foresee the exchange of opinions and views of participants on this topic, as well as develop thinking, help shape opinions and convictions, develop the ability to formulate opinions and express them, learn to evaluate the proposals of other people, and critically approach their own views.

**Business and role games** – a form of activation of students, as a result of which they are involved in the process of staging a particular production situation as a direct participant in events.

The discussion of thematic images allows you to visually perceive information, promote the development of associative thinking and the best assimilation of material.

## 8. Methods of control

To determine the level of mastering students' learning material, knowledge evaluation is used for the following types of work:

Student work is supervised by the following types of work: current testing and surveys; oral questioning; final testing; verification

of accomplished practical tasks; preparation and presentation of the abstract, mini lectures; preparation for the publication of scientific articles, abstracts for participation in conferences.

Individual work is an obligatory element of the module and is carried out necessarily in the time frame of the study of a particular module.

All forms of control are included in the 100-point rating scale.

1. The evaluation of the results of the current work (tasks performed in practical classes and consultations, calculation and graphic work, results of independent work of students) is carried out according to the following criteria (in% of the number of points allocated for tasks with rounding to an integer): 0% - the task is not fulfilled; 40% - the task is partially executed and contains significant errors of a methodical or estimated nature; 60% - the task is completed in full, but contains significant errors in the calculations or in the methodology; 80% - the task is completed in full and on time, but it contains some inessential shortcomings (dimensions, conclusions, design, etc.); 100% - the job is done correctly, on time and without remarks.

2. Situational exercises, specific situations and other creative tasks (in% of the number of points allocated for tasks with rounding to an integer): 0% - the task has not been fulfilled; 40% - the task is fulfilled in part, the conclusions are not argued and not concrete, the report is prepared carelessly; 60% - the task is completed in full, the conclusions contain separate deficiencies, the student's judgments are not sufficiently reasoned, the report is prepared with a slight deviation from the requirements; 80% - the task is completed in full and on time, but contains some inessential shortcomings not of a systemic nature; 100% - the job is done correctly, on time and without remarks.

### 9. Distribution of points received by students

Current testing and independent work								Total	
Content module 1.			Current testing	Content module 1.				Current testing	100
26				34					
T1	T2	T3	20	T4	T5	T6	T7	20	
8	10	8		8	10	8	8		

### Scale of evaluation

Score points for all types of educational activities	Score on a national scale
	for exam and term paper
90–100	great
82–89	good
74–81	
64–73	satisfactory
60–63	
35–59	unsatisfactory with the possibility of re-assembly
0–34	unsatisfactory with compulsory repeated study of course

### 10. Methodological support

The methodological support of the course includes: lecture course at the electronic repository of the National University of Water and Environmental Engineering, methodical instructions for practical classes, independent work and printed handout, cases, packages of test tasks for each topic and for the whole course.

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