

**UNIVERSITY OF ECONOMICS - VARNA**  
**FACULTY OF FINANCE AND ACCOUNTING**  
**DEPARTMENT OF „FINANCE“**

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**ACCEPTED BY:**

**Rector:**

( Prof. Dr. Plamen Iliev)

**SYLLABUS**

**SUBJECT: “INTRODUCTION TO FINANCE”;**

**DEGREE PROGRAMME: „Accounting“; BACHELOR`S DEGREE**

**YEAR OF STUDY: 2; SEMESTER: 3;**

**TOTAL STUDENT WORKLOAD: 270 h.; incl. curricular 75 h.**

**CREDITS: 9**

**DISTRIBUTION OF WORKLOAD ACCORDING TO THE CURRICULUM**

<i>TYPE OF STUDY HOURSE</i>	<b>WORKLOAD, h.</b>	<b>TEACHING HOURS PER WEEK, h</b>
<b>CURRICULAR:</b>		
incl.		
• LECTURES	45	3
• SEMINARS (lab. exercises)	30	2
<b>EXTRACURRICULAR</b>	195	-

**Prepared by:** 1. ....  
(Assoc. Prof. Dr. Lubomir Georgiev)

2. ....  
(Chief Assist. Dr. Nedyalko Valkanov)

**Head of department:** .....  
„Finance“ (Prof. Dr. Stefan Vachkov)

## **I. ANNOTATION**

*The aim of the course is to provide students with basic principles and skills in the field of finance. As an integral discipline it covers wide range of topics connected with different fields of the financial system – financial markets, banking, non-banking financial institutions, corporate and public finance.*

*Introduction to Finance provides students with knowledge about:*

- *main principles for the functioning of financial markets and institutions, including banks, investment funds, insurance and pension funds;*
- *basic financial instruments (shares, bonds and etc.) and their evaluation and application;*
- *time value of money and its application as main concept in finance;*
- *management of corporate finances by investment decisions and funding;*
- *public finance sector activities in the market economy;*
- *basic principles of financial regulation.*

*Gained by the subject knowledge and skills have wide practical application. They provide the main concepts for estimation the financial effects of decisions in corporations, financial and public institutions taken by managers and employees, as well as the basis for more efficient management of the economic processes.*

*On successful completion of this course, students will be able to acquire additional expertise in different areas of finance such as: corporate finance, banking, financial markets and investments, international and public finance.*

## **II. THEMATIC CONTENT**

No.	TITLE OF UNIT AND SUBTOPICS	NUMBER OF HOURS		
		L	S	L.E.
<b>I. FINANCIAL MARKETS AND INSTITUTIONS</b>				
<b>1. An Overview of the Financial System and Financial Markets</b>		<b>3</b>	<b>1</b>	
1.1	Real and Financial Sector of the Economy			
1.2	Structure of the Financial System			
1.3	Types of Financial Intermediaries			
1.4	Typology of Financial Systems			
<b>2. Banks and Banking Operations</b>		<b>3</b>	<b>2</b>	
2.1	Nature of Banks			
2.2	Banking Services			
2.3	Main Business Areas of Banking			
<b>3. Capital Markets Intermediaries</b>		<b>3</b>	<b>1</b>	
3.1	Brokerage Firms			
3.2	Investment Funds			
<b>4. Contractual Savings Institutions</b>		<b>3</b>	<b>2</b>	
4.1	Characteristics and Types of Contractual Savings Institutions			
4.2	Insurance Companies			
4.3	Pension Funds			
<b>5. Forex Market</b>		<b>3</b>	<b>2</b>	
5.1	Currency and Exchange Rate			
5.2	Exchange Rate Regimes			
5.3	Forex Market Parameters			

<b>II. CORPORATE FINANCE</b>				
<b>6. Introduction to Corporate Finance</b>		<b>3</b>	<b>2</b>	
6.1	Principles of Corporate Finance			
6.2	Management of Corporate Financial Activities			
6.3	Forms of Business Organization			
6.4	Financial Statements, Financial Results and Cash Flows			
<b>7. Time Value of Money</b>		<b>3</b>	<b>4</b>	
7.1	Time Value as Fundamental Principle in Finance			
7.2	Future and Present Value of Money			
7.3	Valuing a Stream of Cash Flows			
7.4	Valuing Annuities			
7.5	Repayment of Loans			
<b>8. Capital Budgeting and Long-Term Financing of the Company</b>		<b>4</b>	<b>3</b>	
8.1	Capital Budgeting in Corporations – Basic Terminology and Classification of Investment Projects			
8.2	Formation of Cash Flows			
8.3	Static Techniques for Analysis and Estimation of Investment Projects			
8.4	Dynamic Techniques			
8.5	Equity Financing			
8.6	Corporate Bonds as an Alternative to Bank Lending			
8.7	Leasing			
<b>9. Cost of Capital, Capital Structure and Management of Working Capital</b>		<b>4</b>	<b>2</b>	
9.1	Concepts for the Cost of Capital			
9.2	Calculating the Cost of Capital			
9.3	Capital Structure of the Company			
9.4	Working Capital and Corporate Policy for its Management			
9.5	Management of Investments in Short-Term Assets			
9.6	Short-Term Funding Sources			
<b>III. PUBLIC FINANCE</b>				
<b>10. Introduction to Public Finance</b>		<b>4</b>	<b>2</b>	
10.1	Evolution and Functions of Public Finance			
10.2	Necessity and Criticism of State Intervention in the Economy			
10.3	Public Sector and Public Goods			
<b>11. State Budget</b>		<b>2</b>	<b>2</b>	
11.1	Theoretical Foundations of the State Budget			
11.2	Types of Budgets			
11.3	Budget Technology and Budget Process			
<b>12. Taxation</b>		<b>4</b>	<b>2</b>	
12.1	Basics of Taxation			
12.2	Types of Taxation			
12.3	Alternatives to Taxation			
12.4	Bulgarian Tax System			
<b>13. Government Spending</b>		<b>2</b>	<b>1</b>	
13.1	Theoretical Foundations of Government Spending			
13.2	Reasons for Long-Term Growth of Government Spending Activity			
13.3	Classification of Government Spending			
<b>IV. FINANCIAL REGULATION</b>				
<b>14. Basics of Financial Regulation</b>		<b>2</b>	<b>2</b>	
14.1	Characteristics of Financial Supervision and Regulation			

14.2	Regulatory Infrastructure			
14.3	Basic Regulatory Activities			
<b>15. Contemporary Approaches for Financial Regulation</b>		<b>2</b>	<b>2</b>	
15.1	Post-Crisis Regulatory Change			
15.2	Micro- and Macro Regulation			
15.3	The Macroeprudential Regulatory Approach			
		<b>Total:</b>	<b>45</b>	<b>30</b>

### **III. FORMS OF CONTROL:**

No. by row	TYPE AND FORM OF CONTROL	№	extra-curricular, h.
<b>1.</b>	<b>Midterm control</b>		
1.1.	Midterm test	<b>1</b>	<b>75</b>
1.2.	Course work	<b>1</b>	<b>60</b>
<b>Total midterm control:</b>		<b>2</b>	<b>135</b>
<b>2.</b>	<b>Final term control</b>		
2.1.	Examination (test)	<b>1</b>	<b>60</b>
<b>Total final term control:</b>		<b>1</b>	<b>60</b>
<b>Total for all types of control:</b>		<b>3</b>	<b>195</b>

### **IV. LITERATURE**

#### **REQUIRED (BASIC) LITERATURE:**

1. Mishkin Fr., The Economics of Money, Banking and Financial Markets (11th Edition), Pearson, 2016.
2. Berk, J., P. DeMarzo, J. Harford. Fundamentals of Corporate Finance (2nd Edition), Pearson, 2014.
3. Rosen, H., T. Gayer. Public Finance (9th Edition), McGraw-Hill Higher Education, 2010.
4. Bodie, Zv., A. Kane, A. Marcus. Investments (10th Edition), McGraw-Hill Higher Education, 2014.

#### **RECOMMENDED (ADDITIONAL) LITERATURE:**

1. Вачков, Ст. и др. Въведение във финансите (Второ издание), Варна: РИС, 2011. (Vachkov, St. et al. Introduction to Finance, Second Edition, RIS, Varna, 2011.)
2. Георгиев, Л., Н. Вълканов. Финансово посредничество (Трето издание), Варна: Стено, 2014. (Georgiev, L., N. Valkanov. Financial Intermediation, Third Edition, Steno, Varna, 2014.)