### Course Title:
Principles of Finance

### Department:
Business & Technology

### Curriculum:
Business Administration

### Date submitted:
Spring 2014 (AAC: 14-26)

### Course Descriptors:
- Make certain that the course descriptors are consistent with college and Board of Trustees policies, and the current course numbering system.

### Course Code:
BFN*201

### Course Code:
(ex. ACC 101)

### Course Type:
L

### Course Type:
- A: Clinical
- B: Lab
- D: Distance Learning
- I: Individual/Independent
- L: Lecture
- M: Seminar
- N: Internship
- P: Practicum
- U: Studio
- X: Combined Lecture/Lab
- Y: Combined Lecture/Studio

### Elective Type:
G

### Elective Type:
- AH: Art History
- E: English
- FA: Fine Arts
- FL: Foreign Language
- G: General
- HI: History
- HU: Humanities
- LAS: Liberal Arts & Sciences
- M: Math
- S: Science
- SS: Social Science

### Credit Hours:
3

### Credit Hours:
- Developmental: (yes/no) N
- Lecture: 3
- Clinical: 0
- Lab: 0
- Studio: 0
- Other: 0
- TOTAL: 3

### Class Maximum:
35

### Semesters Offered:
F & S

### Prerequisites:
- C- or better in Principles of Financial Accounting (ACC*113)
- C- or better in Integrated Reading and Writing II (ENG*075)
- OR Introduction to College Reading & Writing (ENG*093)
- OR Introduction to College English (ENG*096)
- OR Reading & Writing VI (ESL*162), or placement into Composition (ENG*101) [including embedded ENG*101]
- OR permission of Department Chair

### Co-requisites:
- Intermediate Algebra (MAT*137), or placement into higher mathematics, OR permission of Department Chair

### Other Requirements:
- None

### Catalog Course Description:
An introduction to the principles of financial management and the impact of the financial markets and institutions on that managerial function. Major topics include the environment of financial management, evaluation of a firm’s financial performance, financial forecasting, working capital management, corporate securities and financing the short- and long-term requirements of the firm, time value of money, capital and cash budgeting, the relationship of risk to return, cost of capital, leverage, and evaluation of alternative methods of financing. An analytical emphasis will be placed on the tools and techniques of the investment, financing, and dividend decision.

### Topical Outline:
- **Part I. Introduction: The Scope and Environment of Financial Management**
  1. Introduction: goal of the firm; legal forms of business organization; taxation; ten principles of financial management
  2. The financial markets and interest rates
  3. Understanding financial statements and cash flows
  4. Evaluating a firm’s financial performance: financial ratio analysis; firm performance and shareholder value

- **Part II. Valuation of Financial Assets**
  5. The time value of money: compound interest; present value and future value; annuities
  6. Risk and return
  7. Valuation and characteristics of bonds
  8. Valuation and characteristics of stock

- **Part III. Investment in Long-Term Assets**
  9. Capital-budgeting techniques and practice: capital-budgeting decision criteria (Payback, NPV, PI, and IRR); capital rationing; ethics in capital budgeting
10. Cash flows
11. Cost of capital: individual costs of capital; weighted average cost of capital; evaluating new capital investments; shareholder value-based management

Part IV: Capital structure and dividend policy
12. Determining the financing mix: business and financial risk; break-even analysis; operating leverage; financial leverage
13. Dividend policy and internal financing

Part V: Working Capital Management
14. Short-term financial planning: financial forecasting; percent of sales forecast method; the cash budget
15. Working-Capital management: managing current assets and liabilities; appropriate level of working capital; short-term credit

Upon successful completion of this course, the student will be able to do the following:

COURSE:
1. demonstrate a conceptual understanding of corporate financial decision-making processes, including capital budgeting
2. calculate a comprehensive set of financial ratios and use them to evaluate the financial health of a company
3. explain the time value of money
4. understanding the role of risk and how to calculate return in all types of assets, including stocks and bonds
5. apply critical thinking skills to attempt to apply lessons learned to financial situations that will be encountered

PROGRAM: (Numbering reflects Program Outcomes as they appear in the college catalog)

Business Administration Program
1. successfully complete the business administration core courses and demonstrate competencies necessary for success in business administration including an understanding of:
   a) the role of accounting and finance in the management of a business enterprise
2. demonstrate the ability to integrate knowledge and apply learned skills for real-world business decision making
3. demonstrate proficiency in the General Education Abilities as they apply to the business professions

Finance Option
1. demonstrate competency in investment and financing decisions
2. demonstrate specialized knowledge necessary for success in finance including understanding of the American and global monetary and financial system, financial instruments, markets and institutions

GENERAL EDUCATION: (Numbering reflects General Education Outcomes as they appear in the college catalog)

2. Critical Analysis/ Logical Thinking - Students will be able to organize, interpret, and evaluate evidence and ideas within and across disciplines; draw reasoned inferences and defensible conclusions; and solve problems and make decisions based on analytical processes.

   Demonstrates: Identifies the issue(s); formulates an argument; explains and analyzes relationships clearly; draws reasonable inferences and conclusions that are logical and defensible; provides support by evaluating credible sources of evidence necessary to justify conclusions.

   Does Not Demonstrate: Identifies few or no issues; formulates an argument without significant focus; provides an unclear explanation of analysis and relationships; drawing few reasonable inferences and conclusions that are illogical and indefensible; provides little to no support using credible sources of evidence necessary to justify conclusions.

Evaluation:
Assessment will be based on the following criteria:
- examinations
- papers
| Instructional Resources: | Required: None  
Desired: None  
| Textbook(s) | Refer to current academic year printout  

- quizzes  
- oral presentations  
- group projects