



## THE SCHOOL OF HUMANITIES AND SOCIAL SCIENCES

FIN 300

3 credits (45 contact hours)

### FINANCIAL MANAGEMENT

#### COURSE DESCRIPTION

This course is an introduction to the important areas of corporate managerial finance. Emphasis is placed upon developing an understanding of the tools and methodologies available to the financial manager for decision-making in such areas as capital budgeting, working capital management, capital structure and profit planning and control.

#### COURSE OBJECTIVES

After completing this course, students should be able to:

1. Read, analyze and interpret financial statements and financial ratios.
2. Value financial instruments and determine cost of capital.
3. Apply financial and quantitative techniques.
4. Select and implement appropriate capital budgeting and valuation techniques to evaluate projects.
5. Effectively communicate the results of financial analysis.
6. Discuss the ethical dimensions of financial decision-making.

#### PRIMARY TEXTBOOK

Ross, Westerfield and Jordan, Fundamentals of Corporate Finance, McGraw-Hill Irwin Inc., Standard Edition.

#### COURSE REQUIREMENTS

1. A college level Algebra (Finite Mathematics) class
2. A college level Economics or Accounting class
3. Basic knowledge of EXCEL

#### EVALUATION AND GRADING

- Assignments (10%)
- Three Mid-term exams (3x22% = 66%)
- Final exam (24%)

### Grading Scale Equivalency:

U.S	I.A.U.	<i>FRENCH EQUIVALENT</i>
100-95	A	19,20/20
95-90	A-	18/17/20
	B+	16/ 15/20
89-80	B	14/20
	B-	13/20
	C+	12/20
79-70	C	11/20
	C-	10/20
	D+	9/20
69-60	D	8/20
59	F	0-7/20

### **ATTENDANCE**

One of the primary requirements this semester is that you attend class. This is not a lecture class and its success depends very much on your coming to class on time, prepared for the lesson, and ready to participate in discussion and activities. Attendance and participation will be part of your final grade. The first two absences are excused, each absence over two will effectively lower your final grade by half a letter.

### **TOPICS OUTLINE**

#### SECTION 1: FINANCIAL STATEMENT ANALYSIS & TIME VALUE OF MONEY

##### CHAPTER 1 INTRODUCTION TO FINANCIAL MANAGEMENT

Forms of Business Organization

Goal of Financial Management

Financial Markets and the Corporation

##### CHAPTER 2 FINANCIAL STATEMENTS, TAXES & CASH FLOWS

Features of Bonds, Preferred Stock & Common Stock

The Balance Sheet

The Income Statement

Cash Flows

CHAPTER 3

WORKING WITH FINANCIAL STATEMENTS

Sources and Uses of Cash

Financial Statements Analysis: Ratio Analysis

DuPont Analysis

Internal & Sustainable Growth

CHAPTER 5

THE TIME VALUE OF MONEY

Present and Future Value of a Lump Sum

Present and Future Value of an Annuity

Annual Percentage Rate, Effective Annual Rate

EXAM 1:

Exact date to be announced

SECTION 2: VALUATION

CHAPTER 6

DISCOUNTED CASH FLOW VALUATION

Multiple Cash Flows

Annuities & Perpetuities

Loan Types & Loan Amortization

Mortgages & Auto Loans

Retirement Planning

CHAPTER 7

INTEREST RATES & BOND VALUATION

Bond Features, Bond Values and Yields

Types of Bonds

Interest Rate Risk

Interpreting Bond Quotes from the Wall Street Journal

The Term Structure of Interest Rates

CHAPTER 8

EQUITY MARKETS & STOCK VALUATION

Common Stock & Preferred Stock.

Stock Valuation Models.

Zero Growth, Constant and Non-Constant Growth Models.

Institutional Organization of Stock Markets: NYSE.

Interpreting Stock Quotes from the Wall Street Journal

EXAM 2:

Exact date to be announced

SECTION 3: PROJECT VALUATION & CAPITAL STRUCTURE

CHAPTER 9

NET PRESENT VALUE & OTHER INVESTMENT  
CRITERIA

Regular and Discounted Payback Methods

Net Present Value

Internal Rate of Return

Mutually Exclusive & Independent Projects

NPV Profiles and the Cross-Over Rate

Unconventional Cash Flows

CHAPTER 10

Making Capital Investment Decisions

CHAPTER 12

SOME LESSONS FROM CAPITAL MARKETS HISTORY

Dollar Returns and Percentage Returns

Real versus Nominal Returns

Historical Performance of Stocks & Bonds

EXAM 3:

TBA

CHAPTER 13

RETURN, RISK AND THE SECURITY MARKET LINE

Expected Return & Risk of a Single Stock & a Portfolio

Unsystematic Risk, Systematic Risk and Beta

Benefits of Diversification

Valuing Assets using the SML

CAPM & Portfolio Management

Measures of Portfolio Performance

CHAPTER 14

COST OF CAPITAL & CAPITAL STRUCTURE

Cost of Stock

Cost of Debt

The Weighted Average Cost of Capital

CHAPTER 24

OPTIONS AND CORPORATE FINANCE

COMPREHENSIVE EXAM: TBA