

Course Description

FIN2000 | Principles of Finance | 3.00 credits

This course provides a basis for further study of monetary theory, banking, finance and securities. Also included are the creation, allocation, and utilization of money, and the effect of monetary policy upon individuals, business, national and international economics.

Course Competencies:

Competency 1: The student will be able to demonstrate knowledge of working capital management by:

1. Explaining the need for working capital
2. Describing and evaluating the alternatives for financing working capital
3. Calculating a cash budget
4. Discussing and evaluating the management of accounts receivable and inventory
5. Describing the inventory decision model and computing the economic ordering quantity
6. Defining and evaluating trade credit and the various forms of bank credit and calculating the cost of each

Competency 2: The student will be able to demonstrate knowledge of operating and financial leverage by:

1. Defining operating leverage and financial leverage and differentiating between them
2. Calculating the breakeven point for a firm
3. Computing the degree of operating and financial leverage for a firm
4. Computing the combined operating and financial leverage for a firm
5. Analyzing the impact of changes in the use of leverage on the firm

Competency 3: The student will be able to demonstrate knowledge of the time value of money by:

1. Determining the yield of an asset
2. Calculating the present and future value of a single amount and an annuity amount
3. Applying the tools of present and future values to a wide variety of real-world situations
4. Calculating the valuation of bonds, perpetuities, and stocks

Competency 4: The student will be able to demonstrate knowledge of capital budgeting by:

1. Discussing and applying the methods of ranking the investment proposals in business situations
2. Calculating the payback, net present value and internal rate of return of investment projects
3. Using the above calculations to evaluate potential investment projects
4. Explaining and applying capital rationing in business situations and analyzing its impact on the firm

Competency 5: The student will be able to demonstrate knowledge of the structure and operation of capital markets by:

1. Discussing the organization and regulation of the security markets
2. Explaining market efficiency
3. Identifying the advantages and disadvantages of debt
4. Discussing the debt contract
5. Explaining bond prices, yields, and ratings

Competency 6: The student will be able to demonstrate knowledge of investment banking, public and private placement by:

1. Discussing the role of investment banking and identifying the functions of an investment banker
2. Explaining and applying the pricing and profitability of securities in business situations
3. Explaining the difference between public and private financing

Learning Outcomes:

- Communicate effectively using listening, speaking, reading, and writing skills
- Use quantitative analytical skills to evaluate and process numerical data
- Solve problems using critical and creative thinking and scientific reasoning
- Use computer and emerging technologies effectively