

Course Description

FIN3400 | Finance for Non-Financial Managers | 3.00 credits

Students will learn to apply their financial skills and decision-making abilities to address financial issues in a business environment. They will learn how financial markets influence their decisions and the role of financial intermediaries in these markets. Emphasis will be placed on financial and capital budgeting, working capital management, short and long term financing, valuation of the firm, and overall capital structure. Students will be required to apply the time value of money through the use of present and future value scenarios. Students must pass the course with a grade of "C" or higher.

Course Competencies:

Competency 1: The student will be able to understand the general principles of the time value of money and demonstrate this understanding by:

1. Calculating the present value and future value of a single sum
2. Calculating the present value and future value of an annuity
3. Using these tools in combination or alone to calculate present and future values in real world situations
4. Calculating the present value of securities such as bonds, preferred stock and common stock

Competency 2: The student will be able to understand the general principles of capital budgeting and demonstrate this understanding by:

1. Calculating the payback period, net present value, internal rate of return, and modified internal rate of return of a capital budget project
2. Using each of the techniques to evaluate a project
3. Explaining the advantages and disadvantages of each evaluation technique
4. Identifying the relevant cash flows to use in evaluating a project

Competency 3: The student will learn to demonstrate an understanding of the operating budget process by:

1. Preparing pro forma financial statements
2. Developing a production schedule
3. Preparing a cash budget
4. Preparing a financial forecast using the percentage of sales method

Competency 4: The student will demonstrate an understanding of the operations of commercial banks by:

1. Describing how banks generate and use funds in their operations
2. Explaining how banks set fees and interest rates on their loan and deposit accounts
3. Describing the methods used by banks to measure and control credit and interest rate risk
4. Explaining how banks manage liquidity
5. Discussing the role of off-balance sheet financing in today's banking
6. Describing the ways in which banks are regulated and the reasons for this regulation
7. Explaining the role of the FDIC, how FDIC insurance works, and what happens when a bank fails
8. Discussing the impact of asymmetry of information on banking

Competency 5: The student will demonstrate an understanding of the operations of insurance companies and pension funds by:

1. Explaining how insurance works, including the concepts of pooling, risk transfer, and insurable risk
2. Discussing ways in which insurers can reduce their objective risk and how they deal with the problem of asymmetry of information
3. Describing the structure of the insurance industry, the different forms of organization present, and the ways in which the industry is regulated

4. Explaining the differences between life and health companies and property and casualty companies, the major types of products offered by each, and the impact of these differences on their respective balance sheets
5. Describing the various types of pension plans and the regulation of the pension industry

Competency 6: The student will demonstrate an understanding of the operations of the money markets by:

1. Explaining the economic function of money markets
2. Discussing the characteristics of money market instruments
3. Describing the markets for each of the major instruments: Treasury bills, short term agency securities, fed funds, and repurchase agreements

Competency 7: The student will demonstrate an understanding of the operations of the bond markets by:

1. Explaining the role and function of the capital markets and how they differ from money markets
2. Discussing the differences among the markets for Treasury, corporate, and municipal bonds and how these markets function
3. Explaining what junk bonds are and how and why the market for them developed
4. Describing the process of securitization of debt
5. Identifying the major forces behind the globalization of the debt markets

Competency 8: The student will demonstrate an understanding of the operations of the equities markets by:

1. Describing the major types of equity securities
2. Differentiating between primary and secondary securities markets
3. Discussing the determinants of underwriter spreads and demonstrating how they are calculated
4. Explaining the determinants of a security's bid-ask spread
5. Discussing the risks associated with equity securities and how to measure them

Competency 9: The student will demonstrate an understanding of the use of MS Excel to solve financial problems by:

1. Using MS Excel to calculate the present and future values of annuities and single sums
2. Using MS Excel to calculate implicit rates and number of periods in cash flow data
3. Evaluating potential capital budget projects using MS Excel
4. Preparing financial plans and cash budgets using MS Excel

Learning Outcomes:

- Use quantitative analytical skills to evaluate and process numerical data
- Solve problems using critical and creative thinking and scientific reasoning
- Formulate strategies to locate, evaluate, and apply information
- Use computer and emerging technologies effectively