A. **TITLE:** Introduction to Finance

B. **COURSE NUMBER:** FSMA210

C. **CREDIT HOURS:** 3

D. **WRITING INTENSIVE COURSE:** No

E. **COURSE LENGTH:** 15 weeks

F. **SEMESTER(S) OFFERED:** Both

G. **HOURS OF LECTURE, LABORATORY, RECITATION, TUTORIAL, ACTIVITY:**
   3 lecture hours per week

H. **CATALOG DESCRIPTION:** This introductory course covers fundamental elements of business finance. Discussions include the concepts of financial analysis, time value of money, security valuations, risk and return, capital budgeting, and other issues in corporate decision-making.

I. **PRE-REQUISITES/CO-REQUISITES:**
   a. Pre-requisite(s): CITA 110 and GER Math or ACCT 101
   b. Co-requisite(s): none

J. **GOALS (STUDENT LEARNING OUTCOMES):**
   By the end of this course, the student will be able to:

   1. Identify the job functions of financial managers
   2. State the ethical consideration of financial managers
   3. Compute common financial ratios and utilize these ratios to evaluate the performance of a corporation
   4. Calculate time value of money
   5. Apply fundamental concepts in the analysis of common financial instruments such as loans, corporate bonds and common stocks.
   7. Solve basic capital budgeting problems.
   8. Describe key issues in corporate financial decision-making.

<table>
<thead>
<tr>
<th>Course Objective</th>
<th>Institutional SLO</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Compute common financial ratios and utilize these ratios to evaluate the performance of a corporation</td>
<td>1. Communication 2. Crit. Thinking</td>
</tr>
<tr>
<td>2. Calculate time value of money</td>
<td>2. Crit. Thinking</td>
</tr>
<tr>
<td>3. Apply fundamental concepts in the analysis of common financial instruments such as loans, corporate bonds and common stocks</td>
<td>2. Crit. Thinking</td>
</tr>
<tr>
<td>5. Solve basic capital budgeting problems</td>
<td>2. Crit. Thinking</td>
</tr>
</tbody>
</table>
K. **TEXTS:**

L. **REFERENCES:**

M. **EQUIPMENT:** Computer classroom, access to company financial statements, *Wall Street Journal*, and computer internet access.

N. **GRADING METHOD:** A-F

O. **MEASUREMENT CRITERIA/METHODS:**
- Exams
- Quizzes
- Homework
- Participation

P. **DETAILED COURSE OUTLINE:**

I. An Overview of Financial Management
   A. Career opportunities in finance
   B. Alternative forms of business organizations
   C. Responsibilities of the financial managers
   D. Goal of the corporation
   E. Agency relationship

II. Financial Statements, Cash Flow, and Taxes
   A. Financial statements and reports
   B. Net cash flow
   C. Modify accounting data for managerial decisions
   D. Market Value Added (MVA) and Economic Value Added (EVA)
   E. The federal income taxation system

III. Analysis of Financial Statements
   A. Ratio analysis
   B. Comparative ratios and “benchmarking”
   C. Trend analysis
   D. The Du Pont equation
   E. Uses and limitation of ratio analysis
IV. The Financial Environment: Markets, Institutions, and Interest Rates
   A. Introduction to financial markets
   B. Introduction to financial institutions
   C. The stock market
   D. The cost of money
   E. Determinants of market interest rate
   F. The term structure of interest rates
   G. Factors influence the level of interest rate and the shape of yield curve
   H. Interest rate and business decisions

V. Risk and Rates of Return
   A. Expected rate of return
   B. Risk
   C. Risk aversion and required returns
   D. Diversification
   E. Capital Asset Pricing Model (CAPM) and Security Market Line (SML)
   F. Factors that influence the shape of SML
   G. Physical assets versus securities

VI. Time Value of Money
   A. Time line
   B. Future value (FV) and compounding
   C. Present value (PV) and discounting
   D. Interest rates
   E. Amortized loans

VII. Bonds and Their Valuation
   A. Common key characteristics of bonds
   B. Bond valuation
   C. Bond yield
   D. Bond risk
   E. Corporate bond
   F. Bond markets

VIII. Stocks and Their Valuation
   A. Legal rights with stock ownership
   B. Stock valuation
   C. Common stock market
   D. Stock market equilibrium
   E. Preferred stock valuation

IX. The basic of capital budgeting
   A. Capital expenditure motives
   B. Capital budgeting decision rules
   C. Comparing capital budgeting methods
   D. Making capital budgeting decisions

X. Other advanced Financial Management topics
   A. Cost of capital
   B. Capital structures and leverage
   C. Corporate dividend policy
D. Short-term financial planning

Q. **LABORATORY OUTLINE:** None