CENTRAL TEXAS COLLEGE
SYLLABUS FOR BUSG 1303
Principles of Finance
Semester Hours Credit: 3

INSTRUCTOR: _______________________
OFFICE HOURS: _________________

I. INTRODUCTION

A. This is an introductory course in financial management.

B. The course introduces students to financial concepts with an emphasis on quantifiable solutions. It describes the financial dynamics of a business including the analysis of Financial Statements, evaluation of risk and return and working capital management. Emphasis is on the time value of money and includes the cost of capital and capital budgeting. The course also includes understanding financial markets and valuation of stocks.

C. Prerequisites: None

D. Alphanumeric coding used throughout this syllabus denotes integration of the Secretary’s Commission on Achieving Necessary Skills (SCANS) occupational competencies (CA, C1, 2, B, etc.) and foundation skills (B, C1, 2, FA, etc.) for this course. The instructor will ensure the designated SCANS competencies and skills are addressed in the course. A detailed description of each competency/skill is contained in “A SCANS Report for America 2000,” Executive Summary, furnished. (You will have to do the coding for the learning activities)

II. LEARNING OUTCOMES

Upon successful completion of this Principles of Finance course, you will be able to:

1. Analyze and explain financial Statements.
2. Describe the time value of money and compute that value with different cash flows.
4. Appraise the value of stocks.
5. Describe and estimate risk and return.
6. Calculate the cost of capital
7. Develop budgets on Capital projects including net present value evaluations
8. Explain and model Working Capital management policies
9. The following SCANS competencies and foundations skills will be covered in this course:
   
   1. Foundation Skills:
      a. Basic Skills
         (1) Reading (FA1)
         (2) Writing (FA2)
         (3) Mathematics (FA3)
         (4) Listening (FA4)
b. Personal Qualities
   (1) Responsibility (FC1)
   (2) Self-esteem (FC2)
   (3) Sociability (FC3)
   (4) Self-management (FC4)
   (5) Integrity/honesty (FC5)

2. Competencies
   a. Resources
      (1) Time (CA1)
      (2) Money/budget (CA2)
   b. Information
      (1) Acquires/uses (CC1)
      (2) Organizes/maintains (CC2)
      (3) Interprets/communicates (CC3)

III. INSTRUCTIONAL MATERIALS

A. Text:

   The instructional materials identified for this course are viewable through

   www.ctcd.edu/books

IV. COURSE REQUIREMENTS

A. Reading Assignments: Read text assignments prior to class and be prepared to discuss the
text material, answering instructor questions orally with well-organized thoughts and
ideas. (CC3, FA1 & 5)

B. Homework Assignments: Instructor will assign homework adaptive reading, exercises and
problems which must be completed as scheduled. (FA2, FA3, FC1, CA1, CC1 through
CC3).

Mathematical Calculations are required in this course

There are a number of formulas in this course that require calculations. Do not be dismayed
by the mathematics. The text contains bar codes that may be scanned for interactive
guided examples. These examples are also available in Connect. You may wish to solve
the equations by any of the following methods

C. Class Attendance: (Refer to CTC Catalog, Page 66 for detailed policy). (FC1 & 4) You
are expected to attend each class period or be counted absent. You are responsible for all
course material missed due to absence. The instructor does not provide class notes for
classes missed.
V. EXAMINATIONS (CC1 through CC3; CA1, CA2; FA1 through FA5)

A. There will be one major exam

B. Quizzes will be administered for each chapter along with homework.

VI. SEMESTER GRADE COMPUTATIONS

A. Points for grades will be awarded as follows:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>LearnSmart Adaptive Readings</td>
<td>260</td>
</tr>
<tr>
<td>13 chapters 20 points each</td>
<td></td>
</tr>
<tr>
<td>Learning Exercises</td>
<td>480</td>
</tr>
<tr>
<td>12 chapters 40 points each</td>
<td></td>
</tr>
<tr>
<td>Chapter Quiz</td>
<td>520</td>
</tr>
<tr>
<td>13 chapters 40 points each</td>
<td></td>
</tr>
<tr>
<td>Midterm and Final Exams</td>
<td>240</td>
</tr>
<tr>
<td>2 exams 120 points each</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1500</td>
</tr>
</tbody>
</table>

B. Letter grades will be assigned based on the percentage of total points earned as follows:
90-100% = A  80-89%=B  70-79%=C  60-69%=D  Under 59% =F

VII. NOTES AND ADDITIONAL INSTRUCTIONS FROM COURSE INSTRUCTOR

A. Course Withdrawal: It is the student's responsibility to officially withdraw from a class if circumstances prevent attendance. Any student who desires to, officially withdraw from a course after the first scheduled class meeting must file a Central Texas College Application for Withdrawal (CTC Form 59). The withdrawal form must be signed by the student.

CTC Form 59 will be accepted at any time prior to Friday, the 12th week of classes during the 16-week fall and spring semesters. The deadline for sessions of other lengths is:

• 10-week session Friday of the 8th week
• 8-week session Friday of the 6th week
• 5-week session Friday of the 4th week

The equivalent date (75% of the semester) will be used for sessions of other lengths. The specific last day to withdraw is published each semester in the Schedule Bulletin.

A student who officially withdraws will be awarded the grade of "W", provided the student's attendance and academic performance are satisfactory at the time of official withdrawal. Students must file a withdrawal application with the College before they may be considered for withdrawal. A student may not withdraw from a class for which the instructor has previously issued the student a grade of "F" or "FN" for nonattendance.
B. Administrative Withdrawal: An administrative withdrawal may be initiated when the student fails to meet College attendance requirements. The instructor will assign the appropriate grade on CTC Form 59 for submission to the registrar.

C. Incomplete Grade: The College catalog states, "An incomplete grade may be given in those cases where the student has completed the majority of the course work but, because of personal illness, death in the immediate family, or military orders, the student is unable to complete the requirements for a course..." Prior approval from the instructor is required before the grade of "IP" is recorded. A student who merely fails to show for the final examination will receive a zero for the final and an "F" for the course.

D. Cellular Phones and Beepers: Cellular phones and beepers will be turned off while the student is in the classroom.

E. American’s With Disabilities Act (ADA): Disability Support Services provide services to students who have appropriate documentation of a disability. Students requiring accommodations for class are responsible for contacting the Office of Disability Support Services (DSS) located on the central campus. This service is available to all students, regardless of location. Explore the website at www.ctcd.edu/disability-support for further information. Reasonable accommodations will be given in accordance with the federal and state laws through the DSS office.

F. Instructor Discretion: The instructor reserves the right of final decision in course requirements.

G. Civility: (FC3) Individuals are expected to be cognizant of what a constructive educational experience is and respectful of those participating in a learning environment. Failure to do so can result in disciplinary action up to and including expulsion.

H. Honesty and Integrity: (FC5) All students are required and expected to maintain the highest standards of scholastic honesty in the preparation of all course work and during examinations. The following will be considered examples of scholastic dishonesty:

   a. Plagiarism: The taking of passages from writing of others without giving proper credit to the sources.

   b. Collusion: Using another’s work as one’s own; or working together with another person in the preparation of work, unless joint preparation is specifically approved in advance by the instructor.

   c. Cheating: Giving or receiving information on examinations. Students guilty of scholastic dishonesty will be administratively dropped from the course with a grade of “F” and will be subject to disciplinary action. (FC5)
VIII. COURSE OUTLINE

Lesson 1: Introduction to Financial Management and Understanding Financial Statements

1. Learning Outcomes: Upon successful completion of this unit, the student will be able to:

   Chapter 1: Introduction To Financial Management
   a) Define the major areas of finance as they apply to corporate financial management
   b) Show how finance is at the heart of sound business decisions
   c) Learn the financial principles that govern your personal decisions
   d) Examine the three most common forms of business organization in the United States today
   e) Distinguish among appropriate and inappropriate goals for financial managers
   f) Identify a firm’s primary agency relationship and discuss the possible conflicts that may arise
   g) Discuss how ethical decision making is a part of the study of financial management
   h) Describe the complex necessary relationships among firms, financial institutions, and financial markets
   i) Explain fundamental causes of the financial crisis that started in 2006

   Chapter 2: Reviewing Financial Statements
   a) Recall the major financial statements that firms must prepare and provide
   b) Differentiate between book(or accounting) value and market value
   c) Explain how taxes influence corporate managers’ and investor’ decisions
   d) Differentiate between accounting income and cash flows
   e) Demonstrate how to use a form’s financial statements to calculate its cash flows
   f) Describe cautions that should be taken when examining financial statements

   Chapter 3: Analyzing Financial Statement
   a) Calculate and interpret major liquidity ratios
   b) Calculate and interpret major asset management ratios
   c) Calculate and interpret major debt ratios
   d) Calculate and interpret major profitability ratios
   e) Calculate and interpret major market ratios
   f) Illustrate how various ratios relate to one another
   g) Demonstrate the differences between time series and cross sectional ratio analysis
   h) Explain cautions that should be taken when examining financial ratios analysis

2. Learning Activities:
   This lesson includes Chapters 1, 2 and 3. For each chapter do the following activities:
   a) Read the assigned chapters paying particular attention to the underlined materials.
   b) Complete the Learn Smart Adaptive Learning Assignment in McGraw Hill Connect for each chapter. This is graded based on your comprehension of the textual materials.
   c) Complete the assigned practice (basic) exercises. This is not graded but is necessary for your understanding of the material. (Chapters 2 and 3 only)
d) Complete the graded (intermediate and advanced) exercises. This is graded. ( Chapters 2 and 3 only)
e) Take the chapter quiz

3. Unit Outline: Follow the sequence of unit learning outcomes.

**Lesson Two: Time Value of Money: Analyzing Cash Flows**

Learning Outcomes: Upon successful completion of this unit, the student will be able to:

Chapter 4: Time Value Of Money 1: Analyzing Single Cash Flows

a) Create cash flow time line
b) Compute the future value of money
c) Show how the power of compound interest increases wealth
d) Calculate the present value of a payment made in the future
e) Move cash flows from one year to another
f) Apply the rule of 72
g) Compute the rate of return realized on selling an investment
h) Calculate the number of years needed to grow an investment


a) Compound multiple cash flows to the future
b) Compute the future value of frequent, level cash flow
c) Discount multiple cash flows to the present
d) Compute the present value of an annuity
e) Figure cash flows and present value of an annuity
f) Adjust values for beginning-of-period annuity payments
g) Explain the impact of compound frequency and the difference between the annual percentage rate and the effective annual rate
h) Compute the interest rate of annuity payments
i) Compute payments and amortization schedules for car and mortgage loan
j) Calculate the number of payments on a loan

2. Learning Activities:

This lesson includes Chapters 4 and 5. For each chapter do the following activities:

a) Read the assigned chapters paying particular attention to the underlined materials.
b) Complete the Learn Smart Adaptive Learning Assignment in McGraw Hill Connect for each chapter. This is graded based on your comprehension of the textual materials.
c) Complete the assigned practice (basic) exercises. This is not graded but is necessary for your understanding of the material.
d) Complete the graded (intermediate and advanced) exercises. This is graded.
e) Take the chapter quiz

3. Unit Outline: Follow the sequence of unit learning outcomes.
Lesson Three: Understanding Financial Markets and Institutions

1. Learning Outcomes: Upon successful completion of this unit, the student will be able to:

Chapter 6: Understanding Financial Markets And Institutions
   a) Differentiate between primary and secondary markets and between money and capital markets
   b) List the types of securities traded in money and capital markets
   c) Identify different types of financial institutions and the services that each provides
   d) Analyze specific factors that influence interest rates
   e) Offer different theories that explain the shape of the term structure of interest rates
   f) Demonstrate how forward interest rates derive from the term structure of interest rates

2. Learning Activities:
   This lesson includes Chapter 6. For each chapter do the following activities:
   a) Read the assigned chapters paying particular attention to the underlined materials.
   b) Complete the Learn Smart Adaptive Learning Assignment in McGraw Hill Connect for each chapter. This is graded based on your comprehension of the textual materials.
   c) Complete the assigned practice (basic) exercises. This is not graded but is necessary for your understanding of the material.
   d) Complete the graded (intermediate and advanced) exercises. This is graded.
   e) Take the chapter quiz

3. Unit Outline: Follow the sequence of unit learning outcomes.

Lesson Four: Valuing Stocks

1. Learning Outcomes: Upon successful completion of this unit, the student will be able to:

Chapter 8: Valuing Stocks
   a) Understand the rights and returns that come with common stock ownership
   b) Know how stock exchanges function
   c) Track the wider stock market with stock indexes and differentiate among the kinds of information each index provides
   d) Know the terminology of stock trading
   e) Compute stock values using dividend discount and constant-growth models
   f) Calculate the stock value of a variable-growth-rate company
   g) Assess relative stock values using the P/E ratio model

2. Learning Activities:
   This lesson includes Chapter 8. For each chapter do the following activities:
   a) Read the assigned chapters paying particular attention to the underlined materials.
   b) Complete the Learn Smart Adaptive Learning Assignment in McGraw Hill Connect for each chapter. This is graded based on your comprehension of the textual materials.
c) Complete the assigned practice (basic) exercises. This is not graded but is necessary for your understanding of the material.

d) Complete the graded (intermediate and advanced) exercises. This is graded.

e) Take the chapter quiz

3. Unit Outline: Follow the sequence of unit learning outcomes.

Lesson Five: Characterizing and Estimating Risk and Return

1. Learning Outcomes: Upon successful completion of this unit, the student will be able to:

Chapter 9: Characterizing Risk And Return

a) Compute an investment’s dollar and percentage return
b) Find information about the historical returns and volatility for the stock, bond, and cash markets
c) Measure and evaluate to total risk of an investment using several methods
d) Recognize the risk-return relationship and its implications
e) Plan investments that take advantage of diversification and its impact on total risk
f) Find efficient and optimal portfolios
g) Compute a portfolio’s return

Chapter 10: Estimating Risk And Return

a) Compute forward-looking expected return and risk
b) Understand risk premiums
c) Know and apply the capital asset pricing model (CAPM)
d) Calculate and apply beta, a measure of market risk
e) Differentiate among the different level of market efficiency and their implications
f) Calculate and explain investors’ required return and risk
g) Use the constant-growth model to compute required return

2. Learning Activities:
This lesson includes Chapters 9 and 10. For each chapter do the following activities:

a) Read the assigned chapters paying particular attention to the underlined materials.

b) Complete the Learn Smart Adaptive Learning Assignment in McGraw Hill Connect for each chapter. This is graded based on your comprehension of the textual materials.

c) Complete the assigned practice (basic) exercises. This is not graded but is necessary for your understanding of the material.

d) Complete the graded (intermediate and advanced) exercises. This is graded.

e) Take the chapter quiz

3. Unit Outline: Follow the sequence of unit learning outcomes.

Lesson Six: Calculating Cost of Capital
1. Learning Outcomes: Upon successful completion of this unit, the student will be able to:

Chapter 11: Calculating The Cost Of Capital
   a) Understand the relationship of cost of capital to the investor’s required return
   b) Use the weighted-average cost of capital (WACC) formula to calculate a project’s cost of capital
   c) Explain how the firm chooses among estimating costs of equity, preferred stock, and debt
   d) Calculate the weights used for WACC projections
   e) Identify which elements of WACC are used to calculate a project-specific WACC
   f) Evaluate trade-offs between a firm wide WACC and a divisional cost of capital approach
   g) Distinguish subjective and objective approaches to divisional cost of capital
   h) Demonstrate how to adjust the WACC to reflect flotation costs

2. Learning Activities:
   This lesson includes Chapter 11. For each chapter do the following activities:
   a) Read the assigned chapters paying particular attention to the underlined materials.
   b) Complete the Learn Smart Adaptive Learning Assignment in McGraw Hill Connect for each chapter. This is graded based on your comprehension of the textual materials.
   c) Complete the assigned practice (basic) exercises. This is not graded but is necessary for your understanding of the material.
   d) Complete the graded (intermediate and advanced) exercises. This is graded.
   e) Take the chapter quiz

3. Unit Outline: Follow the sequence of unit learning outcomes.

Lesson Seven: Capital Budgeting Cash Flows and Present Value
   1. Learning Outcomes: Upon successful completion of this unit, the student will be able to:

   a) Explain why we use pro forma statements to analyze project cash flows
   b) Identify which cash flows we can incrementally apply to a project and which ones we cannot
   c) Calculate a project’s expected cash flows using the free cash flow approach
   d) Explain how accelerated depreciation affects project cash flows
   e) Calculate free cash flows associated with cost-cutting proposals
   f) Demonstrate the EAC approach to choosing among alternative cash streams for recurring projects
   g) Adjust initial project investments to account for flotation costs

Chapter 13. Weighing Net Present Value And Other Capital Budgeting Criteria
   a) Analyze the logic underlying capital budgeting decision techniques
   b) Calculate and use the payback (PB) and discounted payback (DPB) methods for valuing capital investment opportunities
c) Calculate and use the net present value (NPV) method for evaluating capital investment opportunities
d) Calculate and use the internal rate of return (IRR) and the modified internal rate of return (MIRR) methods for evaluating capital investment opportunities
e) Use NPV profiles to reconcile sources of conflict between NPV and IRR methods
f) Compute and use the profitability index (PI)

2. Learning Activities:
   This lesson includes Chapters 12 and 13. For each chapter do the following activities:
a) Read the assigned chapters paying particular attention to the underlined materials.
b) Complete the Learn Smart Adaptive Learning Assignment in McGraw Hill Connect for each chapter. This is graded based on your comprehension of the textual materials.
c) Complete the assigned practice (basic) exercises. This is not graded but is necessary for your understanding of the material.
d) Complete the graded (intermediate and advanced) exercises. This is graded.
e) Take the chapter quiz

3. Unit Outline: Follow the sequence of unit learning outcomes.

Lesson Eight: Working Capital Management and Policies

1. Learning Outcomes: Upon successful completion of this unit, the student will be able to:


   a) Prepare overall objectives of a good working capital policy
   b) Discuss how net working capital serves the firm
   c) Analyze the firm’s operating and cash cycles to determine what funding for current assets the firm needs
   d) Model the optimal trade-off between carrying costs and shortage costs that dictates the firm’s current asset investment
   e) Compare the flexible and restrictive approaches to financing current assets
   f) Differentiate among sources of short-term financing available for funding current assets
   g) Justify the firm’s need to hold cash
   h) Use the Baumol and Miller-Orr models for determining cash policy
   i) Identify sources of float and show how to control float for the firm’s disbursement and collection funds
   j) Identify firms choices for using excess cash
   k) Connect the firm’s credit terms and collection policy and the amount of capital the firm has invested in account receivable

1. Learning Activities:
   This lesson includes Chapter14. For each chapter do the following activities:
a) Read the assigned chapters paying particular attention to the underlined materials.
b) Complete the Learn Smart Adaptive Learning Assignment in McGraw Hill Connect for each chapter. This is graded based on your comprehension of the textual materials.
c) Complete the assigned practice (basic) exercises. This is not graded but is necessary for your understanding of the material.
d) Complete the graded (intermediate and advanced) exercises. This is graded.
e) Take the chapter quiz

3. Unit Outline: Follow the sequence of unit learning outcomes.