

Northern Marianas College Course Guide

Course: FM 300 Financial Management

Effective Semester / Session: Fall 2018

Type of Action:


- New
- Modification
- Move to Inactive (Stop Out)
- Cancellation

Course Alpha and Number: FM 300

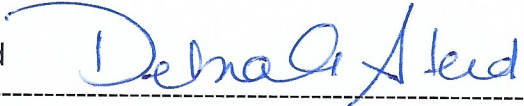
Course Title: Introduction to Financial Management

Reason for initiating, revising, or canceling:

This modification adds in the cost of class/lab fees and the terms it is offered. Updated SLOs are also being added.

Dr. Debra A. Steed  6/5/18

 Proposer Date

Dr. Debra A. Steed  6/5/18

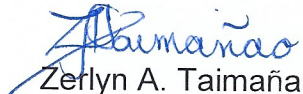
 Director, School of Business Date

Adam Walsh

 Language & Format Review Specialist Date

Ajani Burrell

 Academic Council Chair Date


 Zerlyn A. Taimañao

 Acting Dean, Learning and Student Success 6/6/18
Date

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1. Department

Business

2. Purpose

Finance is one of the key drivers of a firm's activities, and a critical component to understanding business in general. Introduction to Financial Management is designed to help students with no prior knowledge grasp the applications and relevance of finance. This course is required for students enrolled in the Bachelors of Science in Business Management. Students' engagement in financial management real-world applications and issues are a critical portion of the course.

3. Description

A. Required/Recommended Textbook(s) and Related Materials

Required:

Foerster, S. (2015). *Financial Management: Concepts and Applications*.
Prentice Hall.

Readability Level: 13

B. Contact Hours

1. **Lecture:** 3 hours per week / 45 hours per semester
2. **Lab:** None
3. **Other:** None

C. Credits

1. **Number:** 3
2. **Type:** Regular degree credits

D. Catalogue Course Description

The basic concepts of financial resource management and financial analysis techniques for practical business decisions are introduced. The use of financial ratios to evaluate the past performance of the firm, financial planning techniques, the effect of leverage on profitability and risk, the time value of money, and contemporary approaches to working capital management and capital budgeting are included. Computational skills are emphasized as students compute financial ratios, construct pro forma financial statements, conduct break-even analysis, and compute present and future values of funds. Prerequisite: must complete 60 credit hours to maintain junior level. English Placement Level: EN 202. Math Placement Level: MA 161. (Offered Spring and may be offered in the Summer as needed).

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E. Degree or Certificate Requirements Met by Course

A "C" grade or better in this course satisfies a core course requirement in Northern Marianas College Bachelor of Science in Business Management.

F. Course Activities and Design

Course activities include lectures, discussions, homework assignments, tests, quizzes, case studies, financial report analysis, and a final exam.

4. Course Prerequisite(s); Concurrent Course Enrollment; Required English/Mathematics Placement Level(s)

Prerequisites: Must complete 60 credit hours to maintain junior level.

English Placement Level: EN 202

Math Placement Level: MA 161

5. Estimated Cost of Course; Instructional Resources Needed

Cost to the College: Instructor's salary

Cost to the Student: Tuition for a 3-credit hour course, Class/Lab Fees, and the cost of the textbook.

Instructional resources needed for this course include instructor's computer, multi-media system, flash drives, whiteboard, dry-erase markers, photocopied handouts, and appropriate reference materials.

6. Method of Evaluation

Student learning will be based on tests and exams, homework, research assignments and oral presentations.

NMC's grading and attendance policies will be followed.

7. Course Outline

This is a topical outline and does not necessarily indicate the sequence in which the material will be presented.

1.0 Overview of Financial Management

1.1 Roles and Objectives

1.2 Ethical principles

1.3 Evaluation of financial management principles

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- 2.0 Components analyzed in evaluating a business
 - 2.1 The Economy
 - 2.2 The Industry
 - 2.3 Operations Management and Supply Risk
 - 2.4 Marketing Management and Demand Risk
 - 2.5 Human Resource Management and Strategy

- 3.0 Components of Financial Statements
 - 3.1 Balance Sheets
 - 3.2 Income Statements
 - 3.3 Cash Flow Statements

- 4.0 Measuring an organization's Financial Performance
 - 4.1 Evaluating Performance Measures
 - 4.2 How to read an Annual Report

- 5.0 How to manage Day-To-Day Cash Flow
 - 5.1 Cash Flow Cycle
 - 5.2 Working Capital Measurement
 - 5.3 Short-Term Financing

- 6.0 How to project Financial Requirements and Managing Growth
 - 6.1 Generating Pro Forma Income Statements
 - 6.2 Generating Pro Forma Balance Sheet
 - 6.3 Generating Pro Forma Cash Budgets
 - 6.4 Performing Sensitivity Analysis
 - 6.5 Understanding Sustainable Growth and Managing Growth

- 7.0 Time Value of Money
 - 7.1 Time Value of Money Concepts
 - 7.2 Applying Time Value of Money Concepts to Financial Securities
 - 7.3 How Common Equity relates to Time Value of Money

- 8.0 Making Investment Decisions
 - 8.1 Understanding the Decision-Making Process
 - 8.2 Capital Budgeting Techniques
 - 8.3 Capital Budgeting Extensions

- 9.0 Long-Term Financing Instruments
 - 9.1 Bonds
 - 9.2 Preferred Shares

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- 9.3 Common Stock
- 9.4 Market Efficiency

10.0 Assessing the Cost of Capital

- 10.1 Implications
- 10.2 Defining Risk
- 10.3 Estimating the Cost of Debt
- 10.4 Estimating the Cost of Preferred Shares
- 10.5 Estimating the Cost of Equity
- 10.6 Estimating Component Weights
- 10.7 Hurdle Rates

11.0 Understanding Financing and Payout Decisions

- 11.1 Capital Structure Overview
- 11.2 Does Capital Structure Matter
- 11.3 Understanding Payout Policies

12.0 Designing an Optimal Capital Structure

- 12.1 Factor Affecting Financing Decisions
- 12.2 Tradeoffs

13.0 Measuring and Creating Value

- 13.1 The Book Value Plus Adjustments Method
- 13.2 The Discount Cash Flow Analysis Method
- 13.3 Relative Valuations and Comparative Analysis
- 13.4 Creating Value and Value-Based Management
- 13.5 Valuing Mergers and Acquisitions

8. **Instructional Goals**

This course will introduce students to:

- 1.0 The tools that are used to value investment projects and companies (valuation);
- 2.0 The basic issues involved in how firms should raise funds for their real investments (financing); and
- 3.0 How investment and financing decisions are related.

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9. Student Learning Outcomes

Upon successful completion of this course, students will be able to:

- 1.0 Analyze the extent to which external and internal factors effect business outcomes;
- 2.0 Assess profitability, resource management, liquidity, and leverage in measuring a firm's level of financial performance;
- 3.0 Analyze how a firm's effectiveness in managing short-term financial obligations can effect long term success;
- 4.0 Develop financial statements which can assist in projecting growth within a firm;
- 5.0 Evaluate the aspects of the time value of money and its importance to firm growth;
- 6.0 Evaluate long term financial needs in relation to managing risk; and
- 7.0 Apply the financial management framework to an existing company in order to access value creation.

10. Assessment Measures

Assessment of student learning may include, but not be limited to, the following:

- 1.0 Tests and exams;
- 2.0 Homework;
- 3.0 Research assignments; and
- 4.0 Oral presentations.