JEFFERSON COLLEGE

COURSE SYLLABUS

MGT262

FINANCIAL MANAGEMENT

3 Credit Hours

Prepared by
Don Boyer

Revised by
Kathy Johnson
January 28, 2013

Dena McCaffery, Ed.D, Interim Dean, Career & Technical Education
MGT262 Financial Management

I. CATALOGUE DESCRIPTION

A. Pre-requisite: BUS107 Bookkeeping or BUS240 Financial Accounting with a “C” or better
   Co-Requisite: Reading Proficiency

B. 3 Semester Hours Credit

C. Financial Management develops a conceptual understanding of investment and financial decisions toward maximizing the business owner's wealth. The students are exposed to the environment in which financial decisions are made and examine the analytical techniques used in finance. Financial Management will not count toward the Associate of Arts degree at Jefferson College but will count toward the Associate of Applied Science degree. This course may transfer to a private institution (F,S,O).

II. EXPECTED LEARNING OUTCOMES / ASSESSMENT MEASURES

<p>| Students will be able to develop an understanding of the field of finance and the duties and goals of the financial manager. | In-class exercises and exam on which students demonstrate their understanding of the field of finance, financial terminology &amp; the goals of the financial manager. |
| Students will develop an understanding of the of the Stock Market and the role it plays in Corporate Finance | In-class project where students will invest $20,000 of fictitious funds into two stock companies and record the fluctuations in value throughout the semester. |
| Students will be able to develop, interpret, analyze, and manipulate data from an Income Statement, Balance Sheet, and Statement of Cash Flow. | In-class exercises, projects and exam on which students demonstrate their understanding of Income Statements, Balance Sheets and Statements of Cash Flow by developing and analyzing statements from accounting data. |
| Students will be able to develop an understanding of Financial Ratio Analysis along with its implications to sound Financial Management decision making. | In-class exercises, group projects, and worksheets on which students demonstrate, by application, their understanding of the importance of the role that Financial Ratios play in the financial decision making process. |</p>
<table>
<thead>
<tr>
<th>Students will be able to develop an understanding of Break Even Analysis and the importance of the Break Even point to financial decision making.</th>
<th>In-class exercises, projects and exam on which students demonstrate their understanding of Break Even analysis by determining the Break Even point for a firm through a series of calculations derived from specific variables.</th>
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</thead>
<tbody>
<tr>
<td>Students will be able to develop an understanding of the concept of leverage within the field of finance.</td>
<td>In-class exercises, projects, and exam on which students demonstrate their understanding of leverage by determining the degree of operating leverage, degree of financial leverage, and the degree of combined leverage from specific accounting data.</td>
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<td>Students will be able to develop an understanding of the importance of proper current asset management to the profitability of an organization.</td>
<td>In-class exercises and projects in which students demonstrate their understanding of the four basic current assets, cash, marketable securities, accounts receivables and inventory. Students will identify the aspects of each current asset and the implications that each can have on profitability.</td>
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<td>Students will be able to develop an understanding of the time value of money.</td>
<td>In-class exercises, projects and exam on which students demonstrate their ability to determine the Future Value of A Single Sum, the Present Value of a Single Sum, the Future Value of an Annuity, the Present Value of an Annuity, required Interest Rates and required Time Periods with the application of specific variables.</td>
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<td>Students will be able to develop an understanding of the concept of valuation on three specific investments.</td>
<td>In-class exercises and exam on which students demonstrate their ability through the application of specific formulas to place a value on Corporate Bonds, Preferred Stock and Common Stock.</td>
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### III. OUTLINE OF TOPICS

A. Fundamental Concepts and Basic Tools of Finance
   1. Financial Management
      a. Cycle of Money
      b. Financial Markets
      c. Legal Business Forms
2. Financial Statements
   a. Balance Sheet
   b. Income Statement
   c. Statement of Retained Earnings
   d. Statement of Cash Flows

3. Time Value of Money
   a. Future Value and Compounding Interests
   b. Present Value and Discounting
   c. Doubling Money: The Rule of 72
   d. Multiple Payments (Annuities)
   e. Loan Payment Methods
   f. Amortization Tables

4. Interest Rates
   a. Quoting Interest Rates
   b. Compounding Periods
   c. Consumer Loans
   d. Nominal and Real Interest Rates
   e. Risk-Free Rate and Premiums

B. Valuing Stocks and Bonds and Understanding Risk and Return
1. Bonds and Bond Valuation
   a. Bond Pricing
   b. Semiannual and Zero-coupon Bonds
   c. Yields and Coupon Rates
   d. Bond Ratings
   e. US Government Bonds

2. Stocks and Stock Valuation
   a. Common Stock
   b. Stock Markets
   c. Stock Valuation
   d. Dividends
   e. Preferred Stock

3. Risk and Return
   a. Certainty and Uncertainty
   b. Historical Returns
   c. Variance and Standard Deviation
   d. Diversification
C. Capital Budgeting
   1. Capital Budgeting Decision Models
      a. Short-Term vs. Long-Term Decisions
      b. Payback Period
      c. Net Present Value
      d. Internal Rate of Return
   2. Cash Flow Estimation
      a. Estimating Cash Flow for Projects
      b. Sunk Costs
      c. Opportunity Costs
      d. Capital Spending and Depreciation
      e. Disposal of Capital Equipment
      f. Projected Cash Flow
   3. Cost of Capital
      a. Weighted Average Cost of Capital

D. Financial Planning and Evaluating Performance
   1. Forecasting and Short-Term Financial Planning
      a. Source and Use of Cash
      b. Cash Outflows
      c. Cash Forecast
   2. Working Capital Management
      a. Cash Conversion Cycle
      b. Accounts Receivable and Setting Credit Policy
      c. Inventory Management
   3. Financial Ratios and Firm Performance
      a. Finance Statements
      b. Financial Ratios
         i. Liquidity Ratios
         ii. Leverage Ratios
         iii. Asset Management Ratios
         iv. Profitability Ratios
         v. Market Value Ratios
      c. External Uses of Financial Statements
IV. METHOD(S) OF INSTRUCTION

A. Lecture
B. PowerPoint Slides
C. Group Projects

V. REQUIRED TEXTBOOK(S)


VI. REQUIRED MATERIAL

Notebook, paper, pencil, pen, folder, calculator

VII. SUPPLEMENTAL REFERENCES

The Wall Street Journal, other Newspapers, & Periodicals

VIII. METHOD OF EVALUATION (BASIS FOR DETERMINING GRADE)

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage of Grade</th>
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<tbody>
<tr>
<td>Chapter Exams</td>
<td>50%</td>
</tr>
<tr>
<td>Semester Project</td>
<td>20%</td>
</tr>
<tr>
<td>Chapter Exercises</td>
<td>15%</td>
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<tr>
<td>Attendance</td>
<td>15% (of grade)</td>
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IX. ADA AA STATEMENT

Any student requiring special accommodations should inform the instructor and the Coordinator of Disability Support Services (Library phone 636-481-3169).

X. ACADEMIC HONESTY STATEMENT

All students are responsible for complying with campus policies as stated in the Student Handbook (see College website http://www.jeffco.edu).

XI. ATTENDANCE STATEMENT

Regular and punctual attendance is expected of all students. Any one of these four options may result in the student being removed from the class and an administrative withdrawal being processed: (1) Student fails to begin class; (2) Student ceases participation for at least two consecutive weeks; (3) Student misses 15 percent or more of the coursework; and/or (4) Student misses 15 percent or more of the course...
as defined by the instructor. Students earn their financial aid by regularly attending and actively participating in their coursework. If a student does not actively participate, he/she may have to return financial aid funds. Consult the College Catalog or a Student Financial Services representative for more details.

XII. OUTSIDE OF CLASS ACADEMICALLY RELATED ACTIVITIES

The U.S. Department of Education mandates that students be made aware of expectations regarding coursework to be completed outside the classroom. Students are expected to spend substantial time outside of class meetings engaging in academically related activities such as reading, studying, and completing assignments. Specifically, time spent on academically related activities outside of class combined with time spent in class meetings is expected to be a minimum of 37.5 hours over the duration of the term for each credit hour.