

ITT Technical Institute
BU261
Corporate Finance
Onsite Course

SYLLABUS

Credit hours: 4

Contact/Instructional hours: 40 (40 Theory Hours)

Prerequisite(s) and/or Corequisite(s):

Prerequisites: BU213 Financial Accounting: Reporting and Analysis

Course Description:

This course offers a foundation and key concepts related to corporate finance. Focus is on theory and practice of corporate finance, valuation and capital in relation to corporate internal and external financing and investment.

Syllabus: Corporate Finance

Instructor:	_____
Office hours:	_____
Class hours:	_____

Major Instructional Areas

1. Understanding tools for financial and cash flow analysis
2. Valuing debt and equity securities
3. Measuring financial risk
4. Managing capital assets
5. Understanding financial markets—international and domestic

Course Objectives

1. Explain the five fundamental principles of finance.
2. Explain financial market dynamics and the derivation of interest rates.
3. Analyze a firm's financial statements using financial ratios in order to measure liquidity, profitability, financial leverage, and market value.
4. Calculate expected rates of return and risks associated with a given investment.
5. Calculate the values of common stocks and bonds.
6. Analyze capital investment alternatives.
7. Calculate the cost of capital using a firm's financial structure.
8. Discuss the internationalization of business and globalization of financial markets.
9. Describe management methods for current assets and current liabilities.

SCANS Objectives

SCANS is an acronym for Secretary's Commission on Achieving Necessary Skills. The committee, created by the National Secretary of Labor in the early 1990s, created a list of skills and competencies that the committee feels are necessary for employees to function in a high-tech job market.

1. Develop and reinforce critical reading skills.
2. Identify the need for the selection, retrieval, and analysis of information and communicate the results in written, graphic, and pictorial formats.
3. Allocate time and energy for completing projects in a timely manner.
4. Exert a high level of effort and persevere toward goal attainment.
5. Recognize problems and devise and implement a plan of action.
6. Create documents including graphs and flowcharts to illustrate a point.
7. Receive, attend to, interpret, and respond to written and verbal messages and other cues.
8. Demonstrate the ability to utilize traditional and electronic library sources.
9. Compare two theories and select and defend one of the two.
10. Participate cooperatively as a team member, teaching, learning from, and negotiating with diverse members contributing to team success.

Course Outline

Note: All graded activities, except the project and the exams, are listed below in the pattern of <Unit Number>.<Assignment Number>. For example, Assignments: 2.1 refers to the first assignment in Unit 2.

Unit	Activities
1—Introduction to Financial Management	<ul style="list-style-type: none"> • Content Covered: <i>Foundations of Finance: The Logic and Practice of Financial Management:</i> <ul style="list-style-type: none"> ○ Chapter 1, “An Introduction to the Foundations of Financial Management” • Assignments: 1.1-1.2
2—Financial Markets	<ul style="list-style-type: none"> • Read from <i>Foundations of Finance: The Logic and Practice of Financial Management:</i> <ul style="list-style-type: none"> ○ Chapter 2, “The Financial Markets and Interest Rates” • Assignments: 2.1-2.2
3—Financial Analysis	<ul style="list-style-type: none"> • Read from <i>Foundations of Finance: The Logic and Practice of Financial Management:</i> <ul style="list-style-type: none"> ○ Chapter 3, “Understanding Financial Statements and Cash Flows” ○ Chapter 4, “Evaluating a Firm’s Financial Performance” • Assignments: 3.1-3.2
4—Time Value of Money	<ul style="list-style-type: none"> • Read from <i>Foundations of Finance: The Logic and Practice of Financial Management:</i> <ul style="list-style-type: none"> ○ Chapter 5, “The Time Value of Money” • Assignments: 4.1-4.2
5—Risk and Return	<ul style="list-style-type: none"> • Read from <i>Foundations of Finance: The Logic and Practice of Financial Management:</i> <ul style="list-style-type: none"> ○ Chapter 6, “The Meaning and Measurement of Risk and Return” • Assignments: 5.1-5.2
6—Bond Valuation	<ul style="list-style-type: none"> • Read from <i>Foundations of Finance: The Logic and Practice of Financial Management:</i> <ul style="list-style-type: none"> ○ Chapter 7, “The Valuation and Characteristics of Bonds” • Assignments: 6.1 • Midterm Exam
7—Equity Valuation	<ul style="list-style-type: none"> • Read from <i>Foundations of Finance: The Logic and Practice of Financial Management:</i> <ul style="list-style-type: none"> ○ Chapter 8, “The Valuation and Characteristics of Stock” • Assignments: 7.1-7.2
8—Cost of Capital and Financial Structure	<ul style="list-style-type: none"> • Read from <i>Foundations of Finance: The Logic and Practice of Financial Management:</i> <ul style="list-style-type: none"> ○ Chapter 9, “The Cost of Capital” ○ Chapter 12, “Determining the Financing Mix” • Assignments: 8.1-8.2
9—Capital Budgeting	<ul style="list-style-type: none"> • Read from <i>Foundations of Finance: The Logic and Practice of Financial Management:</i> <ul style="list-style-type: none"> ○ Chapter 10, “Capital-Budgeting Techniques and Practice” • Assignments: 9.1-9.2
10—Working Capital Management and International Finance	<ul style="list-style-type: none"> • Read from <i>Foundations of Finance: The Logic and Practice of Financial Management:</i> <ul style="list-style-type: none"> ○ Chapter 15, “Working-Capital Management” ○ Chapter 17, “International Business Finance” • Project
11—Review and Final Exam	<ul style="list-style-type: none"> • Final Exam

Instructional Methods

This is an associate-level course in corporate finance. The textbook familiarizes you with the material to be covered in various units. This course employs learning and evaluating strategies, such as assignments, a project, a midterm exam, and a final exam, to help you comprehend the concepts of corporate finance. The assignments require you to solve problems using calculations. The project gives you the opportunity to understand issues in corporate finance and provide solutions, which will help you effectively manage various challenges in corporate finance that you would face in real life. Unit 11 includes a final exam, which evaluates your understanding of all concepts covered in this course.

Instructional Materials and References

Student Textbook Package

Keown, Arthur J., John D. Martin, and J. William Petty. *Foundations of Finance: The Logic and Practice of Financial Management*. 7th ed. Upper Saddle River, NJ: Prentice Hall, 2011.

Kewon (2012). MyFinanceLab. Boston, MA: Pearson Education.

References

ITT Tech Virtual Library

Log on to the ITT Tech Virtual Library at <http://library.itt-tech.edu/> to access online books, journals, and other reference resources selected to support ITT Tech curricula.

Books

You may click “Books” or use the Library Catalog on the home page to find the following books.

ITT Tech Virtual Library> Books> Ebrary>

- Adair, Troy A., Jr. *Corporate Finance Demystified*. New York: The McGraw-Hill Companies, 2006.
- Barrow, Colin. *Practical Financial Management*. 7th ed. London: Kogan Page Ltd., 2008.
- Faerber, Esmé E. *All About Stocks: The Easy Way to Get Started*. 3rd ed. Blacklick, OH: The McGraw-Hill Companies, 2007.
- Gopal, CA. C. Rama. *Financial Management [Text Cum Suggested Answers]*. New Delhi: New Age International (P) Limited, 2008.
- Pratt, Shannon P., and Roger J. Grabowski. *Cost of Capital: Applications and Examples*. 3rd ed. Hoboken, NJ: Wiley, 2008.
- Sihler, William W., Richard D. Crawford, and Henry A. Davis. *Smart Financial Management: The Essential Reference for the Successful Small Business*. Saranac Lake, NY: AMACOM, 2004.
- Stanyer, Peter. *Guide to Investment Strategy: How to Understand Markets, Risk, Rewards and Behaviour*. London: Profile Books Limited/The Economist, 2006.

- Stittle, John, and Robert Wearing. *Financial Accounting*. London: Sage Publications Incorporated, 2008.
- Tennent, John. *Guide to Financial Management*. London: Profile Books Limited/The Economist, 2008.

Other References

The following resources may be found **outside** of the ITT Tech Virtual Library, whether online or in hard copy.

Book

- Downes, John, and Jordan Elliot Goodman. *Dictionary of Finance and Investment Terms*. 7th ed. Hauppauge, NY: Barron's Educational Series, 2006.

Web sites

- BizStats: A free online source for small business statistics.
<http://www.bizstats.com/> (accessed September 28, 2010).
- MSN Money: An online source for information on personal finance and investing.
<http://moneycentral.msn.com/home.asp> (accessed September 28, 2010).
- U.S. Securities and Exchange Commission: An online source for information on the U.S. Securities and Exchange Commission.
<http://www.sec.gov/> (accessed September 28, 2010).
- WebFinance Inc.: A financial glossary, helping millions of individuals understand and keep up to date with the terms that they should know to succeed in today's financial world.
<http://www.investorwords.com/> (accessed September 28, 2010).
- Yahoo! Finance: An online source for information on business finance, the stock market, quotes, and news.
<http://finance.yahoo.com/> (accessed September 28, 2010).

All links to Web references outside of the ITT Tech Virtual Library are always subject to change without prior notice.

Course Evaluation and Grading

Evaluation Criteria Table

The final grades will be based on the following categories:

CATEGORY	WEIGHT
Assignments	30%
Mid Term Exam	20%
Project	20%
Final Exam	30%
Total	100%

Note: Students are responsible for abiding by the Plagiarism Policy.

Grade Conversion Table

The final grades will be calculated from the percentages earned in the course, as follows:

A	90–100%	4.0
B+	85–89%	3.5
B	80–84%	3.0
C+	75–79%	2.5
C	70–74%	2.0
D+	65–69%	1.5
D	60–64%	1.0
F	<60%	0.0

(End of Syllabus)