

NORTHWESTERN CONNECTICUT COMMUNITY COLLEGE

COURSE SYLLABUS

Course Title: Principles of Finance

Course #: BFN* 201

Course Description: 3 credits

Management has been defined as the art of asking significant questions. This course builds the baseline business finance skills needed to make sound quantitative/systematic business decisions. Topics include the concepts of financial analysis or the ability to not only manipulate financial data, but also to interpret the numbers so meaningful conclusions can be drawn; the time value of money; risk and return measures; firm valuation methods; capital structure and corporate restructuring.

Additionally, at some time during their growth and maturation, virtually every business will find itself in a financial crisis where insolvency is imminent and the business's continued existence as a going concern is in doubt. Students will be exposed to the theory and practice of corporate financial distress (including bankruptcy) and will be exposed to how to evaluate the level of adversity of a distressed business.

Pre-requisite/Co-requisite: This is an advanced level Business & Management course that is required for graduation. Principles of Finance represents a culmination of all your decision-making course disciplines from accounting, mathematics and statistics, through economics and the sciences, to sociology and psychology. You will use the skills and tools acquired here at Northwestern to sift through mountains of information, extract relevant data, assess risk and make decisions based upon present and future expectations. You will be required to compile the information and present your findings using oral and written research methodologies. ***Financial literacy and the higher level performance skills of analysis, synthesis and evaluation are a must in this course.*** To be successful and benefit from this course students should have successfully completed Financial Accounting with a grade of C or better and Principles of Management. The completion of Elementary Statistics would also be helpful.

Goals:

1. To demonstrate the conceptual framework required in analyzing, synthesizing, and evaluating corporate finance theories.
2. To apply analytical decision-making techniques used in corporate finance to actual case situations.

Outcomes:

Upon completion of this course students should be able to:

1. Execute comparative financial statement and trend analysis to determine the financial condition of a firm
2. Estimate the time value of money
3. Estimate the valuation of bonds and equities
4. Estimate and measure the determinants of risk and return
5. Estimate and forecast cash flows from long-term projects
6. Apply the principles underlying the diagnosis, restructuring and recovery of financially troubled companies
7. Estimate a firm's after tax cost of capital
8. Estimate NPV and IRR in order to make project investment decisions
9. Evaluate the synergy compatibilities of merger and acquisition candidates and the impact on future corporate value
10. Evaluate corporate financial distress through the calculation of Z-score variables (Altman, 1993)
11. Estimate the value of a firm using the Modigliani & Miller, 1958 theory
12. Evaluate debt restructure alternatives
13. Estimate the cost of distress and liquidation.