

Kingsborough Community College
The City University of New York
Department of Business
Syllabus

ECO 2200: PRINCIPLES OF FINANCIAL MANAGEMENT

This is a sample syllabus meant to provide an example and is subject to change.

- Course Description:** This course will introduce students to key financial concepts and the application of financial analysis in making sound business decisions. Topics include: time value of money, risk and rates of return, asset valuation, capital budgeting, and capital structure. Students will gain understanding of financial assets, financial markets, financial intermediaries and the banking system. Students will also understand financial statements (i.e. balance sheet, income statement, and cash flow statement) published by corporations and the various ratios utilized by investors. Upon completion of this course, students will understand and apply these concepts and skills in business decisions.
- Credit Hours:** 3 credits, 3 hours per week
- Prerequisites:** ACC1200
- Pre/Co-requisites:** ECO 1200 and ECO 1300
- Textbook:** Brigham, Eugene F. and Houston, Joel F. (2020). Fundamentals of Financial Management, Concise Edition, 10th Edition. ISBN-10: 1337902578
ISBN-13: 9781337902571
- Financial Calculator:** Texas Instrument Business Calculator BA II or BA II Plus or equivalent item.
- Recommended Reading:** Form 10-K filings, use the Company Search for the SEC's EDGAR database - <https://www.sec.gov/edgar/searchedgar/companysearch.html>
Coase, R.H. (1937). The Nature of the Firm. *Economica*, 4(16), p. 386-405.

Additional Instructional materials: Online supplementary materials to accompany the required textbook will be used for homework completion. Handouts may be provided during the class or uploaded in Blackboard. These handouts are not intended to be substitutes for books. Suggested supplemental readings will be provided throughout the course. It is of utmost importance that lecture sessions are followed by sufficient reading.

Learning Objectives

After successfully completing this course, the student will:

- Demonstrate knowledge of basic concepts of finance, including financial markets and types of securities.
- Describe the forms of business organizations, the objective of the firm, determinants of fundamental value, financial securities, markets and institutions.
- Apply time value of money principles to evaluate investment opportunities, including the calculation of future and present values, rates of returns, and amortization.
- Describe key features of bonds, bond evaluation and measure yield and assess risk.

- Describe basic return and risk concepts, including portfolio risk, stand-alone risk, risk and return (CAPM/SML) and market efficiency.
- Compute the component cost of capital for (a) debt, (b) preferred stock, (c) retained earnings, and (d) new common equity. Describe the weighted average cost of capital (WACC) and how the marginal cost of capital (MCC) is used to make investment decisions.
- Demonstrate the impact of taxes on a firm's capital structure.
- Collect, analyze, and interpret data from financial statements (income statement, balance sheet, statement of cash flow) and calculate and interpret various ratios.

Participation & Attendance Policies

- Class attendance is important and you are expected to attend classes regularly and punctually. Excessive absence will affect your coursework completion, and therefore, your final grade.
- This class has deadlines, assignments, and participation requirements. Budget your time carefully and keep an open line of communication with the faculty.
- If for some reason you would like to drop a course, please contact your advisor.

Grading

Grade Scale Grade	Letter	Evaluation Items and Weights	
93.0-100.0	A	Final exam	30%
90.0-92.9	A-	In-class quizzes	20%
87.1-89.9	B+	Multiple-choice homework assignments	20%
83.0-87.0	B	Discussion forums/Short-question assignments	20%
80.0-82.9	B-	In-class journals and class participation	10%
77.1-79.9	C+		
73.0-77.0	C		
70.0-72.9	C-		
60.1-69.9	D		
0 - 59.9	F		

* Homework assignments will be submitted online in the form of multiple choice or discussion forum.

Multiple Choice Homework Assignments: You will be provided with nine multiple choice assignments, out of which you can drop three. This means that only the six highest scored assignments will count towards your grade (i.e., 20 % of the total grade). These are your free passes to accommodate any computer glitches, schedule mishaps, illness, etc. Your multiple choice homework assignments will be submitted on Blackboard.

Short Answer Homework Assignments: You will be provided with four discussions, each asking you to elaborate the topics or apply the theories covered during the lectures. You will be asked to provide your answer and respond to other peers through the discussion forums feature enabled in Blackboard. You will also need to respond to at least one of your classmates in order to receive full credit. This will count towards 20% of your grade. This activity will be submitted in Blackboard. For grading details, please see the Rubric attached to this syllabus.

Examinations: There will be two quizzes and one final exam in this class. Each quiz will be 10% (totaling to 20%) and the final exam will be cumulative and count towards 30% of your grade. The time and location of the final exam will be scheduled by Kingsborough about one month in advance.

In-class Informal Journals and Class Participation: You will be asked to write a journal during or after class work. Please make sure that you keep all your journal entries in order to submit your class portfolio at the end. Your class participation and journals count towards 10% of your grade.

ACADEMIC INTEGRITY / PLAGARISM: You are required to follow the CUNY Policy for academic integrity. Please keep in mind that whenever you use someone else's words or their ideas, even if they are expressed in your own words, you must give credit. This is true regardless of where you find the words or ideas, whether it is a book, a magazine or a newspaper, television, or the internet. Plagiarism may lead from a grade of F to disciplinary action. The following link might be helpful: http://www.kbcc.cuny.edu/studentaffairs/student_conduct/Pages/academic_integrity.aspx

RESPECT: I strongly demand respect in this class. Please be kind and mindful of your surroundings as well as your classmates. ALL HEADPHONES AND MUSIC DEVICES MUST BE OFF AND PUT AWAY upon the start of class. PLEASE TURN OFF THE VOLUME ON YOUR CELL PHONE!!! If there is an emergency, or an important call, feel free to **quietly** step outside and handle your business. DO NOT DISTURB THE CLASS.

ACCESS-ABILITY SERVICES: Access-Ability Services (AAS) serves as a liaison and resource to the KCC community regarding disability issues, promotes equal access to all KCC programs and activities, and makes every reasonable effort to provide appropriate accommodations and assistance. Your instructor will be glad to make the accommodations you need, but you must have documentation from the Access-Ability office for any accommodations. The following link might be helpful: <http://www.kbcc.cuny.edu/access-ability/Pages/welcome.aspx>

SAMPLE COURSE SCHEDULE

Note that the agenda is tentative and may change during the course of the semester. You will be notified in advance in regards to the changes. You are responsible to find out any changes occurring during classes that you are absent.

	Topic	Reading Material and Assignments
Week 1	<u>Firms and Financial Institutions</u> <ul style="list-style-type: none"> Objectives of the firm Forms of business organizations 	<u>Assigned Reading</u> <ul style="list-style-type: none"> Chapter 1: Overview of Financial Management <u>Assignments</u> <ul style="list-style-type: none"> Discussion Forum 1
Week 2	<u>Firms and Financial Institutions</u> <ul style="list-style-type: none"> Financial Markets Financial Institutions 	<u>Assigned Reading</u> <ul style="list-style-type: none"> Chapter 2: Financial Markets and Institutions Coase, R.H. (1937). The Nature of the Firm. <i>Economica</i>, 4(16), p. 386-405. <u>Assignments</u> <ul style="list-style-type: none"> Multiple Choice Assignment 1 Class Journal
Week 3	<u>Time Value of Money</u> <ul style="list-style-type: none"> Calculate future/present values Calculate rate of returns Calculate amortization Apply time value of money principles to evaluate investment opportunities 	<u>Assigned Reading</u> <ul style="list-style-type: none"> Chapter 5: Time Value of Money Video/Podcast <u>Assignments</u> <ul style="list-style-type: none"> Multiple Choice Assignment 2 Class Journal
Week 4	<u>Bonds</u> <ul style="list-style-type: none"> Describe the key features of bonds Distinguish types of bonds Measure yield, assess risk and bond evaluation. 	<u>Assigned Reading</u> <ul style="list-style-type: none"> Chapter 6: Interest Rates Chapter 7: Bonds and Their Valuation Video/Podcast <u>Assignments</u> <ul style="list-style-type: none"> Multiple Choice Assignment 3 Discussion Forum 2
Week 5	<u>Risks</u> <ul style="list-style-type: none"> Describe the basic return and risk concepts Describe portfolio risk, stand-alone risk, and return and market efficiency 	<u>Assigned Reading</u> <ul style="list-style-type: none"> Chapter 8: Risk and Rates of Return Video/Podcast <u>Assignments</u> <ul style="list-style-type: none"> Multiple Choice Assignment 4 Quiz 1
Week 6	<u>Equity & Options</u> <ul style="list-style-type: none"> Describe features of common stock and preferred stock Value common stock (dividend growth model, free cashflow valuation model, and market multiples) 	<u>Assigned Reading</u> <ul style="list-style-type: none"> Chapter 9: Stocks and Their Evaluation Video/Podcast <u>Assignments</u> <ul style="list-style-type: none"> Multiple Choice Assignment 5 Class Journal

<p>Week 7</p>	<p><u>Cost of Capital</u></p> <ul style="list-style-type: none"> Describe cost of capital components (debt, preferred stock, common equity), WACC, factors that affect WACC, and adjusting cost of capital for risk. 	<p><u>Assigned Reading</u></p> <ul style="list-style-type: none"> Chapter 10: The Cost of Capital Video/Podcast <p><u>Assignments</u></p> <ul style="list-style-type: none"> Discussion Forum 3 Class Journal: <i>[What is retained earnings? Is there a cost for retained earnings? Hint. Please revisit opportunity cost.]</i>
<p>Week 8</p>	<p><u>Capital Budget</u></p> <ul style="list-style-type: none"> Describe methods (NPV, IRR, Profitability Index, etc.) and optimal capital budget. 	<p><u>Assigned Reading</u></p> <ul style="list-style-type: none"> Chapter 11: The Basics of Capital Budgeting: Evaluating Cash Flows Video/Podcast <p><u>Assignments</u></p> <ul style="list-style-type: none"> Multiple Choice Assignment 6 Class Journal
<p>Week 9</p>	<p><u>Financial Statements and Ratios</u></p> <ul style="list-style-type: none"> Describe the income statement, balance sheet, statement of cash flow, performance measures, corporate taxes, and personal taxes. 	<p><u>Assigned Reading</u></p> <ul style="list-style-type: none"> Chapter 3: Financial Statements, Cash Flow, and Taxes Video/Podcast <p><u>Assignments</u></p> <ul style="list-style-type: none"> Multiple Choice Assignment 7 Quiz 2
<p>Week 10</p>	<p><u>Financial Statements and Ratios</u></p> <ul style="list-style-type: none"> Describe the ratio analysis and calculate various ratios. Show the limitations of ratio analysis and qualitative factors. 	<p><u>Assigned Reading</u></p> <ul style="list-style-type: none"> Chapter 4: Analysis of Financial Statements Find a particular company's Form 10-K filings, use the Company Search for the SEC's EDGAR database - https://www.sec.gov/edgar/searchedgar/companysearch.html <p><u>Assignments</u></p> <ul style="list-style-type: none"> Class Journal Discussion Forum 4
<p>Week 11</p>	<p><u>Cash Flow and Risk Analysis</u></p> <ul style="list-style-type: none"> Describe and use risk analysis (relevant cashflows, types of risk, and sensitivity analysis) 	<p><u>Assigned Reading</u></p> <ul style="list-style-type: none"> Chapter 12: Cash Flow Estimation and Risk Analysis Video/Podcast <p><u>Assignments</u></p> <ul style="list-style-type: none"> Multiple Choice Assignment 8 Class Journal
<p>Week 12</p>	<ul style="list-style-type: none"> Class Discussions Cumulative Review 	<ul style="list-style-type: none"> Class discussion will include and other contemporary topics (e.g., Experimental Economics, Behavioral Economics, Rational Irrationality, etc.
	<ul style="list-style-type: none"> FINAL EXAMINATION 	<ul style="list-style-type: none"> CUMULATIVE <i>[Determined one month in advance]</i>