South Central College

ACCT 2827 Principles of Finance

Course Outcome Summary

Course Information

Description
This course introduces the student to finance concepts for small to medium size businesses. Concepts covered in this course include financial markets, implication of interest rates to business, understanding of financial statements, risk versus return, use of debt financing, use of equity financing, capital budgeting concepts, cost of capital, determining the appropriate financing mix, forecasting techniques, working capital management, and liquid asset management. (Prerequisite: ACCT1810)

Total Credits 3
Total Hours 48

Types of Instruction

Instruction Type Credits/Hours
Lecture 3/48

Pre/Corequisites

ACCT1810

Institutional Core Competencies

Critical and Creative Thinking - Students will be able to demonstrate purposeful thinking with the goal of using a creative process for developing and building upon ideas and/or the goal of using a critical process for the analyzing and evaluating of ideas.

Course Competencies

1. Describe financial markets
   Learning Objectives
   Define finance
   Describe financial needs of business
   Illustrate types of financial markets
   Illustrate purposes of different financial markets

2. Review and analyze financial statements
   Learning Objectives
   Describe the financial statements
3. **Illustrate financial forecasting**
   Learning Objectives
   - Construct pro forma income statement
   - Construct pro forma cash budget
   - Construct pro forma balance sheet

4. **Describe operating and financial leverage**
   Learning Objectives
   - Calculate break even point in sales and units
   - Calculate degree of operating leverage
   - Calculate financial leverage
   - Be aware of the relevance of operating and financial leverage

5. **Manage working capital and its financing**
   Learning Objectives
   - Describe working capital
   - Control growth of working capital
   - Illustrate financing of working capital

6. **Manage current assets**
   Learning Objectives
   - Describe cash management
   - Illustrate collections and disbursements of cash
   - Manage accounts receivable
   - Manage inventories

7. **Describe sources of short-term financing**
   Learning Objectives
   - Illustrate trade credit
   - Illustrate bank credit
   - Differentiate methods of receivables financing
   - Differentiate methods of inventory financing

8. **Explain the time value of money**
   Learning Objectives
   - Illustrate future value of lump sum
   - Illustrate present value of lump sum
   - Illustrate future value of annuity
   - Illustrate present value of annuity
   - Determine yield on an investment
   - Differentiate between an ordinary annuity and an annuity due

9. **Calculate valuation of investments - debt and stock**
   Learning Objectives
   - Calculate value of bond
   - Calculate value of debt
   - Calculate value of common stock

10. **Determine cost of capital**
    Learning Objectives
    - Calculate weighted average cost of capital
    - Calculate cost of debt
    - Calculate cost of equity

11. **Summarize capital budgeting decision-making process**
Learning Objectives
Differentiate between accounting flows and cash flows
Differentiate between replacement and expansion
Illustrate ranking methods
Calculate new present value
Calculate internal rate of return and modified internal rate of return

12. **Describe risk and capital budgeting**

Learning Objectives
Describe types of risks
Measure risk over time
Describe portfolio effect

13. **Explain advantages and disadvantages between long-term debt financing and equity financing**

Learning Objectives
Describe debt financing
Describe equity financing
Describe lease financing
Illustrate effects on cash flow and tax considerations

14. **Summarize retained earnings and owner distributions**

Learning Objectives
Define retained earnings
Illustrate retained earnings during company's life cycle
Describe dividend policies
Describe repurchase of stock

15. **Display professionalism**

Learning Objectives
Exhibit proficient use of spreadsheet applications
Prepare assignments in timely and professional manner
Participate in class discussions

**SCC Accessibility Statement**

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