



South Central College

ACCT 2827 Principles of Finance

Course Outcome Summary

Course Information

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| 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

Explain free cash flow and income tax considerations
Calculate financial ratios
Illustrate trend analysis and impact of inflation

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

South Central College strives to make all learning experiences as accessible as possible. If you have a disability and need accommodations for access to this class, contact the Academic Support Center to request and discuss accommodations. North Mankato: Room B-132, (507) 389-7222; Faribault: Room A-116, (507) 332-7222.

Additional information and forms can be found at: www.southcentral.edu/disability

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