

**Northern Marianas College**  
**CURRICULUM ACTION REQUEST**

**Effective Semester / Session:** Fall 2015

**Type of Action:**

- New
- Modification
- Move to Inactive (Stop Out)
- Cancellation

**Course Alpha and Number:** FM 300

**Course Title:** Introduction to Financial Management


**Reason for initiating, revising, or canceling:**

Finance is one of the key drivers of a firm's activities, and a critical component to understanding business in general. Introduction to Financial Management is designed to help students with no prior knowledge grasp the applications and relevance of finance. Students are required to make sound economic decisions on a daily basis, but to make the best decision they need to first have the appropriate financial facts. This course is required for students enrolled in the Bachelors of Science in Business Management. Student's engagement in financial management real-world applications and issues are a critical portion of the course.

  
Chavel Green

Proposer

  
Date

  
Chavel Green

Department Chair

  
Date

  
Barbara K. Merfalen

Dean of Academic Programs and Services

  
Date

Date

# Northern Marianas College

## Course Guide

Course: FM 300 Introduction to Financial Management

### 1. Department

Business

### 2. Purpose

Finance is one of the key drivers of a firm's activities, and a critical component to understanding business in general. Introduction to Financial Management is designed to help students with no prior knowledge grasp the applications and relevance of finance. Students are required to make sound economic decisions on a daily basis, but to make the best decision they need to first have the appropriate financial facts. This course is required for students enrolled in the Bachelors of Science in Business Management. Student's engagement in financial management real-world applications and issues are a critical portion of the course.

### 3. Description

#### A. Required/Recommended Textbook(s) and Related Materials

Required:

Foerster, S. *Financial Management: Concepts and Applications*  
©2015 Prentice Hall;

Readability Level: College Level

#### B. Contact Hours

1. **Lecture:** 3 hours per week / 45 hours per semester
2. **Lab:**
3. **Other:**

#### C. Credits

1. **Number:** 3
2. **Type:** Regular degree credits

#### D. Catalogue Course Description

The basic concepts of financial resource management and financial analysis techniques for practical business decisions are introduced. The use of financial ratios to evaluate the past performance of the firm, financial planning techniques, the effect of leverage on profitability and risk, the time value of money, and contemporary approaches to working capital management and capital budgeting are included. Computational skills are emphasized as students compute financial ratios, construct pro forma financial statements, conduct break-even analysis, and compute present and future values of funds. Prerequisite: must complete 60 credit hours to maintain

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junior level. English Placement Level: EN 202. Math Placement Level: MA 161. (Offered Spring).

## **E. Degree or Certificate Requirements Met by Course**

A "C" grade or better in this course satisfies a core course requirement in Northern Marianas College Bachelor of Science in Business Management.

## **F. Course Activities and Design**

Course activities include lectures, discussions, homework assignments, tests, quizzes, case studies, financial report analysis, and a final exam.

## **4. Course Prerequisite(s); Concurrent Course Enrollment; Required English/Mathematics Placement Level(s)**

Prerequisites: Must complete 60 credit hours to maintain junior level.

English Placement Level: EN 202

Math Placement Level: MA 161

## **5. Estimated Cost of Course; Instructional Resources Needed**

Cost to the College: Instructor's salary

Cost to the Student: Tuition for a 3-credit hour course, Lab Fees and the cost of the textbook.

Instructional resources needed for this course include instructor's computer system, application software, classroom computer projector and projection screen, flash drives, whiteboard, whiteboard markers, photocopied handouts, and appropriate reference materials.

## **6. Method of Evaluation**

Student's grades will be based on the regular letter grade system as described below:

A: Excellent-grade points:	4.0
B: Above average-grade points:	3.0
C: Average-grade points:	2.0
D: Below average-grade points:	1.0
F: Failure-grade points:	0.0

NMC's grading and attendance policies will be followed.

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### 7. Course Outline

This is a topical outline and does not necessarily indicate the sequence in which the material will be presented.

#### 1.0 Introduction to Financial Management

- 1.1 The Role and Objective of Financial Management
- 1.2 Ethics and Financial Management
- 1.3 Evaluation of Financial Management

#### 2.0 Sizing Up a Business: A Non-Financial Perspective

- 2.1 Sizing Up The Overall Economy
- 2.2 Sizing Up the Industry
- 2.3 Sizing Up Operations Management and Supply Risk
- 2.4 Sizing Up Marketing Management and Demand Risk
- 2.5 Sizing Up Human Resource Management and Strategy
- 2.6 Relevance for Managers

#### 3.0 Understanding Financial Statement

- 3.1 Understanding Balance Sheets
- 3.2 Understanding Income Statements
- 3.3 Understanding Cash Flow Statements
- 3.4 Relevance for Managers

#### 4.0 Measuring Financial Performance

- 4.1 Performance Measures
- 4.2 Reading Annual Report
- 4.3 Relevance to Managers

#### 5.0 Managing Day-To-Day Cash Flow

- 5.1 Cash Flow Cycle
- 5.2 Working Capital Measurement
- 5.3 Short-Term Financing
- 5.4 Relevance to Managers

#### 6.0 Projecting Financial Requirements and Managing Growth

- 6.1 Generating Pro Forma Income Statements
- 6.2 Generating Pro Forma Balance Sheet
- 6.3 Generating Pro Forma Cash Budgets
- 6.4 Performing Sensitivity Analysis
- 6.5 Understanding Sustainable Growth and Managing Growth
- 6.6 Relevance to Managers

#### 7.0 Time Value of Money Basics and Applications

- 7.1 Exploring Time Value of Money Concepts

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- 7.2 Applying Time Value of Money Concepts to Financial Securities
- 7.3 Common Equity
- 7.4 Relevance to Managers
  
- 8.0 Making Investment Decisions
  - 8.1 Understanding the Decision-Making Process
  - 8.2 Capital Budgeting Techniques
  - 8.3 Capital Budgeting Extensions
  - 8.4 Relevance for Managers
  
- 9.0 Overview of Capital Markets: Long-Term Financing Instruments
  - 9.1 Bonds
  - 9.2 Preferred Shares
  - 9.3 Common Stock
  - 9.4 Market Efficiency
  - 9.5 Relevance for Managers
  
- 10.0 Assessing the Cost of Capital: What Investors Require
  - 10.1 Understanding the Cost of Capital: An Example
  - 10.2 Understanding the Implications of the Cost of Capital
  - 10.3 Defining Risk
  - 10.4 Estimating the Cost of Debt
  - 10.5 Estimating the Cost of Preferred Shares
  - 10.6 Estimating the Cost of Equity
  - 10.7 Estimating Component Weights
  - 10.8 Home Depot Application
  - 10.9 Hurdle Rates
  - 10.10 Relevance for Managers
  
- 11.0 Understanding Financing and Payout Decisions
  - 11.1 Capital Structure Overview
  - 11.2 Understanding the Modigliani-Miller Argument: Why Capital Structure Does Not Matter
  - 11.3 Relaxing the Assumptions: Why Capital Structure Does Matter
  - 11.4 Understanding Payout Policies
  - 11.5 Relevance for Managers
  
- 12.0 Designing an Optimal Capital Structure
  - 12.1 Factor Affecting Financing Decisions: The FIRST Approach
  - 12.2 Tradeoff Assessment: Evaluating FIRST Criteria
  - 12.3 Relevance for Managers
  
- 13.0 Measuring and Creating Value
  - 13.1 An Overview of Measuring and Creating Value

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- 13.2 Measuring Value: The Book Value Plus Adjustments Method
- 13.3 Measuring Value: The Discount Cash Flow Analysis Method
- 13.4 Measuring Value: Relative Valuations and Comparable Analysis
- 13.5 Creating Value and Value-Based Management
- 13.6 Valuing Mergers and Acquisitions
- 13.7 Relevance For Managers

## 8. Instructional Goals

This course will enable students to:

- 1.0 Develop an understanding of the tools that are used to value investment projects and companies (valuation);
- 2.0 Understand the basic issues involved in how firms should raise funds for their real investments (financing); and
- 3.0 Evaluate how investment and financing decisions are related.

## 9. Student Learning Outcomes

Upon successful completing of this course, students will be able to:

- 1.0 Discuss the ethical challenges facing Financial Managers;
- 2.0 Calculate a comprehensive set of financial ratios and use them to evaluate the financial health of a company;
- 3.0 Determine the future or present value of a sum when there are non-annual compounding periods;
- 4.0 Calculate the annual percentage yield or effective annual yield;
- 5.0 Explain the differences between the effective annual yield and the nominal or stated interest rate;
- 6.0 Calculate the market risk of an individual asset and a portfolio of investments;
- 7.0 Compute a bondholder's and a stockholder's expected rate of return;
- 8.0 Value preferred and common stock;
- 9.0 Calculate a corporation's weighted cost of capital;

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- 10.0 Use the basic tools of capital structure management;
- 11.0 Distinguish between the types of dividend policy corporations frequently used;
- 12.0 Assess the advantages and disadvantages of using current liabilities to finance a firm's working capital requirements;
- 13.0 Analyze the different mechanisms for managing the firm's cash collection and disbursement procedures; and
- 14.0 Calculate the net advantage of leasing versus purchasing an asset.

## 10. **Assessment Measures**

Assessment of student learning may include, but not be limited to, the following:

- 1.0 Tests and Exams;
- 2.0 Peered Reviewed Case Study;
- 3.0 Homework;
- 4.0 Stock Market Assessment;
- 5.0 Research Assignments;
- 6.0 Class Participation; and
- 7.0 Oral Presentations.