

FIN 355 Course Learning Objectives

Principles of Financial Management

Integrate the legal and economic role of financial management with the values of a diverse, global, and ever-changing marketplace:

- Identify the different types of legal structure for a firm and the ramifications of each type.
- Identify the potential conflicts that arise within the firm between various stakeholder groups; particularly between management and stockholders.
- Differentiate between the different types of financial markets.
- Explain why financial managers must be concerned with taxation, and list various elements of the current tax law as applicable to corporate finance; such as the differences between the treatment of dividends and interest paid and interest and dividend income received.
- Apply the tax tables to compute tax liability and use the marginal tax rates to analyze the potential changes in tax liability due to additions or deductions to income.
- Apply the components of interest rates to determine the costs of financing for the firm.
- Identify how the changes in interest rates affect the flow of funds from the suppliers to the users, including global factors.
- Define the factors that drive the stock price of a corporation and how the government, laws, and society can affect the price.
- Analyze the short- and long-term sources of funding to the corporation and make appropriate choices relative to the term structure of interest rates.
- Define, identify and explain basic working capital terminology and concepts.

Apply the time value of money concepts and mathematics with the use of a financial calculator to a variety of both corporate and individual financial scenarios:

- Explain how time value of money works and discuss why it is an important concept in finance.
- Calculate the present value and future value of lump sums.
- Identify, define and compute the different types of annuities.
- Calculate the present values and future values of uneven cash flow streams.
- Use amortization concepts to compute payments, balances, principal, and interest components of a loan.
- Apply deferred annuity concepts in financial planning.
- Use discounted TVM concepts to determine the value of a financial asset, including bonds and stocks.

Apply risk and return concepts to types of corporate financing and investment opportunities:

- Analyze financial statements to evaluate the firm's risk and future investment opportunities.
- Differentiate between interest rate risk, reinvestment rate risk and default risk.
- Explain the implications of risk and return for corporate managers and investors.
- Evaluate and calculate the costs of debt, preferred stock, and common equity financing for the firm while identifying the risks of each type of financing.
- Calculate the overall cost of capital for a firm and apply risk adjustments to the cost.
- Analyze capital budgeting problems using different techniques, including net present value, internal rate of return and modified internal rate of return.