Course Description
A survey of financial concepts and analytical tools used by domestic and international businesses. This course includes financial mathematics, financial and operational planning and management, and long-term investment analysis, including cost of capital and capital budgeting. When appropriate, spreadsheet applications will be integrated into this course.

Required Text
Financial Intelligence: A Manager’s Guide to Knowing What the Numbers Really Mean, by Karen Berman and Joe Knight, 2013
ISBN 1422144119
Hardback

Course Objectives
This is an overview course designed to develop a clear understanding of the tools and skills necessary for use by those in both financial and non-financial positions in today’s organizations to appropriately analyze and plan for the overall financial health of today’s organizations. By the end of the course, the class will be familiar with and be able to utilize the concepts of:

- financial ratio analysis
- financial statements
- operational budgets
- capital budgets
- cost of capital
- net present value
- long-term investment strategies

The course will take a non-technical approach to understanding these concepts. Students will also complete the course with an understanding of financial planning, budgeting, and forecasting.

During the eight-week session a combination of lectures, case studies, and class projects will be utilized to provide the students with a sound perspective of financial management concepts and practical applications. Students work together as a single team to develop a financial plan for a fictitious business. At the conclusion of the course, the students will present a current balance sheet and a current cash flow statement, with a financial ratio analysis of the current financial health of the business. They will also present a projected operating budget, a projected capital budget, a retained earnings investment plan, and a net present value analysis justifying any projected new business ventures and/or capital expenditures.
**Course Grading**
The final course grade will be composed of the following:

- Mid-term exam on tools of financial analysis: 30 points
- Group Project: 50 points
- Homework: 10 points
- Class Participation: 10 points

**Projected Grade Distribution will be as follows:**

- **A** 90 – 100+ points
- **B** 80 - 89 points
- **C** 70 - 79 points
- **D** 60 - 69 points

**Mid-term Exam:**
The mid-term exam will cover proper recognition and utilization of the tools of financial analysis. The exam may include true/false, multiple choice, fill in the blank, or short essay questions. There will be no make-up exam unless approved by the instructor prior to the exam. The student must have a compelling reason for missing an exam and the decision regarding make-up exams lies solely with the instructor. The form of any make-up exam may not necessarily follow the same format as the regular exam. The mid-term exam represents 30 points of the possible 100 points that can be earned by the student over the course of the class.

**Group Project:**
During class session number 1, the class will create a fictitious business for whom each class member will be employed and have a specific role to play on the management team. The class will work together toward a presentation of their organization’s current financial status, with conclusions drawn from the utilization of recognized tools of financial analysis. The presentation will include forward looking operational, cash flow, and capital budgets, and a well thought out investment policy for the organization’s retained earnings. A net present value analysis will be used to justify any new products, services, or capital expenditures budgeted by the organization. Presentations will occur in class session number 8. Each member of the team will have a role in the presentation. One half of the points earned by each team member will be equal to the points earned by the team for their presentation, with a maximum of 25 points possible. The other half of the points earned by each team member will be representative of that team member’s score on his or her portion of the presentation, with a maximum of 25 points possible for the individual score. Within the group project the total points possible for each member of the class is 50. Team members not present on the night of the presentations will receive no points for their group project. The group presentation represents a possible total of 50 points toward the student’s final grade.

**Homework:**
Homework will consist primarily of assignments which will give students the opportunity to apply the financial tools being discussed in class. In addition, short research
assignments on current business financial issues found in business periodicals, newscasts or on the internet may be made asking the student to report briefly to the class on such issues. It will be expected that homework will be completed and presented to the instructor at the time required. Late homework will not be accepted. Homework represents a possible total of 10 points toward the student’s final grade.

Class Participation:
Discussion is an important part of this class and the students’ input is valuable to the entire class. Class participation is required, especially in a course where the major portion of the student’s grade comes from a collaborative group project. Students are expected to be present at each class session and to make constructive contributions to the class discussion on a regular basis. In order to involve students who might be hesitant to participate in class discussions, the instructor will randomly call on students to comment upon or give insight into issues being discussed by the class. Class participation represents a possible 10 points toward the student’s final grade.

Attendance Policy:
Attendance at class is mandatory. Students missing class for any reason are not excused from completing all class assignments, including homework. Exams missed due to absence may not be made up unless prior arrangement has been made with the instructor or, at the sole discretion of the instructor, extraordinary circumstances forced missing of the exam. All exams must be completed prior to final grades being released. Because the term involves only eight (8) class sessions, missing a single class can make it difficult to stay up with assignments and lecture content. While no grade penalty will be assessed for one (1) absence, it is highly recommended that students attend all class sessions. A second absence will result in the lowering of one (1) letter grade. A third absence will result in failure of the course.

The course outline is subject to change based upon class progress. Homework will be assigned throughout the term, as appropriate. Doane College makes all decisions regarding the cancellation of classes due to bad weather. In the event of a cancelled class, assignments carry over to the next class time.

The Doane College Academic Integrity Policy will be adhered to in this class. In the course of your preparation for papers, examinations, projects, and presentations you will be asked to work with others and/or rely on the opinions, writings, or research of others. This is perfectly acceptable and in most instances is expected. However, when you use another’s words, ideas, or opinions – cite it! I fully expect that your ideas will from time to time spring from the ideas of others. Let me know when you are using those ideas, and whose ideas they are. The use of other sources without proper citation is unfair to the source and to you. It will result in failure of the project, examination, or paper in which the reference was used and will possibly result in failure of the course.

Course Outline and Text Assignments
BUS 226 – Finance

Session Number 1 – You Can’t Always Trust the Numbers (chapters 1-3)
Course Introduction
Personal Introductions
Team Organization
Chapter 1 – You Can’t Always Trust the Numbers
  The Income Statement
  Operating Expenses
  Capital Expenditures
Chapter 2 – Spotting Assumptions, Estimates, and Biases
  Accruals
  Allocations
  Depreciation
  Valuation
Chapter 3 – Why Increase Your Financial Intelligence
  Financial Literacy
  Goodwill
  Balance Sheet
  Cash and Cash Flow

Session Number 2 – The (Many) Peculiarities of the Income Statement (chapters 4-8)
Chapter 4 – Profit is an Estimate
  Basic Accounting
  Matching
Chapter 5 – The Income Statement
  What It Measures
  Actual vs. Pro Forma
  Comparative Data
  The Footnote
  The Big Rule
Chapter 6 – Revenue
  Sales
  Earnings per Share
  Manipulating the Numbers
Chapter 7 - Costs and Expenses
  COGS and GOS
  Above and Below the Line
  Operating Expenses
  Depreciation and Amortization
  Non-cash Expense
  One-Time Charges

Chapter 8 – The Many Forms of Profit
  Gross Profit
  Operating Profit (EBIT)
  Net Profit

Session Number 3 – The Balance Sheet (chapters 9-13)
Chapter 9 – Balance Sheet Basics
  Equity
Individuals vs. Businesses
Fiscal Year
Chapter 10 – Assets
  Cash and Cash Equivalents
  Accounts Receivable
  Inventory
  Property, Plant, and Equipment
  Goodwill
  Intangibles
  Accruals and Prepaid Assets
Chapter 11 – On the Other Side
  Liabilities
  Owners’ Equity
Chapter 12 – Why the Balance Sheet Balances
Chapter 13 – How the Income Statement Affects the Balance Sheet
  The Affect of Profit on Equity
  Assessing a Company’s Health

Group Project Work

Session Number 4 – Cash is King (chapters 14-18)
  Chapter 14 – Cash is a Reality Check
  Chapter 15 – Profit ≠ Cash (and you need both)
    Profit without Cash
    Cash without Profit
  Chapter 16 – The Language of Cash Flow
    Operating Activities
    Investing Activities
    Financing Activities
  Chapter 17 – How Cash Connects with Everything Else
    Reconciling Profit and Cash
  Chapter 18 – Why Cash Matters
    Understanding Cash Flow

Group Project Work

Session Number 5 – Ratios: Learning What the Numbers are Really Telling You (chapters 19-23)
  Practice Mid-term Examination

  Chapter 19 – The Power of Ratios
    Accounting Tricks
    Analyzing Ratios
  Chapter 20 – Profitability Ratios
    Profit Margin Percentages
Return on Assets
Return on Equity

Chapter 21 – Leverage Ratios
Debt-to-Equity
Interest Coverage

Chapter 22 – Liquidity Ratios
Current Ratio
Quick Ratio

Chapter 23 – Efficiency Ratios
Inventory Days and Turnover
Days Sales Outstanding
Days Payable Outstanding
PP&E Turnover
Total Asset Turnover

Group project work

Session Number 6 – Calculating Return on Investment (chapters 24-25)
Mid-term Examination

Chapter 24 – The Building Blocks of ROI
Future Value
Present Value
Required Rate of Return
Opportunity Cost
Cost of Capital

Chapter 25 – Figuring ROI
Payback Method
Net Present Value Method
Internal Rate of Return Method

Session Number 7 – Applied Financial Intelligence: Working Capital Management (chapters 26-28)

Chapter 26 – The Magic of Managing the Balance Sheet
The Elements of Working Capital
Working Capital and the Production Cycle

Chapter 27 – Your Balance Sheet Levers
Managing Days Sales Outstanding (DSO)
Managing Inventory

Chapter 28 – Honing in on Cash Conversion
The Cash Conversion Cycle

Group project work

Session Number 8 – Creating a Financially Intelligent Organization (chapters 29-31)

Chapter 29 – Financial Literacy and Corporate Performance
Chapter 30 – Financial Literacy Strategies
Chapter 31 – Financial Transparency: Our Ultimate Goal
Final Exam
Project presentations