

# BUSI 60: FUNDAMENTALS OF FINANCE

## Foothill College Course Outline of Record

Heading	Value
<b>Units:</b>	5
<b>Hours:</b>	5 lecture per week (60 total per quarter)
<b>Advisory:</b>	MATH 105.
<b>Degree &amp; Credit Status:</b>	Degree-Applicable Credit Course
<b>Foothill GE:</b>	Non-GE
<b>Transferable:</b>	CSU
<b>Grade Type:</b>	Letter Grade Only
<b>Repeatability:</b>	Not Repeatable

## Student Learning Outcomes

- Gain analytical skills to evaluate business opportunities and decisions for capital investments with various financial metrics.
- Develop analytical skills to evaluate financial statements using a variety of analytical tools.
- Analyze investment vehicles to value securities (bonds, stocks and other assets).

## Description

This course provides an introduction to the fundamentals of financial analysis and applications to business challenges in valuation, risk analysis, corporate investment decisions, and basic security analysis and investment management. The four major sections of the course are: (A) an introduction to the financial system, financial statement analysis; (B) Interest Rates and Valuing Cash Flows: time value of money; interest rates; valuation of stocks, bonds; (C) Valuation of the Firm: Investment Decision Rules, Fundamentals of Capital Budgeting, Stock Valuation (NPV); and (D) Introduction to Risk and Return: risk and return; systemic risk; Portfolio Theory, CAPM, WACC.

## Course Objectives

The student will be able to:

- Evaluate financial statements to improve business decision making.
- Explain the time value of money for business choices.
- Determine securities valuations for various investment vehicles.
- Describe capital expenditures choices with standard financial techniques (net present value, etc.).
- Define selected terms: Risk, Return, Systemic Risk, Cost of Capital, Portfolio Theory and Diversification, Capital Asset Pricing Model (CAPM), Weighted Average Cost of Capital (WACC).
- Apply learning to real projects, cash studies and start-up valuations for VC pitches.

## Course Content

- Corporate Finance and the Financial Manager
- Financial statements and Financial Statement Analysis
  - Business decision-making
  - Utilizing financial ratios, trends and cash flows to manage a business
- Risk and reward concepts to master the time value of money to evaluate business choices

- Securities valuations
  - Interest rates
  - Corporate bonds
  - Bond valuation
  - Stock valuations
  - Portfolio evaluation
  - Cost of capital
- Capital expenditures
  - Present value
  - Internal rate of return
  - Payback period
  - Other techniques
- Long term financial decisions
  - Leverage
  - Balance sheet management
  - EBITDA & EPS considerations
  - Optimal capital structure and other financial factors

## Lab Content

Not applicable.

## Special Facilities and/or Equipment

None

## Method(s) of Evaluation

- Quizzes
- Problem-Solving Assignments
- Examinations
- Appraisal analysis project (case studies and VC Pitch)
- Class discussion (business news updates and MyPortfolio simulation) and participation

## Method(s) of Instruction

Lecture, Discussion, Cooperative learning exercises, Oral presentations, Electronic discussions/chat, Demonstration, Problem-Solving Assignments.

## Representative Text(s) and Other Materials

Berk, DeMarzo, and Harford. *Fundamentals of Corporate Finance*. 3rd ed. New York, NY: Pearson, 2014.

Gitman and Zutter. *Principles of Managerial Finance*. 14th ed. Upper Saddle River, NJ: Prentice Hall, 2013.

## Types and/or Examples of Required Reading, Writing, and Outside of Class Assignments

- Reading: Financial textbook; Current business news evaluations; Case studies; Student research on companies business performance.
- Term and team projects.

## Discipline(s)

Business