

BUSI 60: FUNDAMENTALS OF FINANCE

Foothill College Course Outline of Record

Heading	Value
Effective Term:	Summer 2022
Units:	5
Hours:	5 lecture per week (60 total per quarter)
Advisory:	Intermediate Algebra or equivalent.
Degree & Credit Status:	Degree-Applicable Credit Course
Foothill GE:	Non-GE
Transferable:	CSU
Grade Type:	Letter Grade Only
Repeatability:	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:

1. Evaluate financial statements to improve business decision-making.
2. Explain the time value of money for business choices.
3. Determine securities valuations for various investment vehicles.
4. Describe capital expenditures choices with standard financial techniques (net present value, etc.).
5. 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).
6. Apply learning to real projects, cash studies and start-up valuations for VC pitches.

Course Content

1. Corporate finance and the financial manager
2. Financial statements and financial statement analysis

- a. Business decision-making
 - b. Utilizing financial ratios, trends and cash flows to manage a business
3. Risk and reward concepts to master the time value of money to evaluate business choices
 4. Securities valuations
 - a. Interest rates
 - b. Corporate bonds
 - c. Bond valuation
 - d. Stock valuations
 - e. Portfolio evaluation
 - f. Cost of capital
 5. Capital expenditures
 - a. Present value
 - b. Internal rate of return
 - c. Payback period
 - d. Other techniques
 6. Long term financial decisions
 - a. Leverage
 - b. Balance sheet management
 - c. EBITDA and EPS considerations
 - d. Optimal capital structure and other financial factors

Lab Content

Not applicable.

Special Facilities and/or Equipment

When taught as an online distance learning section, students and faculty need ongoing and continuous internet and email access.

Method(s) of Evaluation

Methods of Evaluation may include but are not limited to the following:

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

Methods of Instruction may include but are not limited to the following:

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, 4th ed.. 2018.

Gitman and Zutter. Principles of Managerial Finance, 14th ed.. 2013.

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

1. Reading:
 - a. Financial textbook
 - b. Current business news evaluations
 - c. Case studies
 - d. Student research on companies business performance
2. Term and team projects

Discipline(s)

Business