**BUSI 60: FUNDAMENTALS OF FINANCE**

**Foothill College Course Outline of Record**

<table>
<thead>
<tr>
<th>Heading</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective Term</td>
<td>Summer 2022</td>
</tr>
<tr>
<td>Units</td>
<td>5</td>
</tr>
<tr>
<td>Hours</td>
<td>5 lecture per week (60 total per quarter)</td>
</tr>
<tr>
<td>Advisory</td>
<td>Intermediate Algebra or equivalent.</td>
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<tr>
<td>Degree &amp; Credit Status</td>
<td>Degree-Applicable Credit Course</td>
</tr>
<tr>
<td>Foothill GE</td>
<td>Non-GE</td>
</tr>
<tr>
<td>Transferable</td>
<td>CSU</td>
</tr>
<tr>
<td>Grade Type</td>
<td>Letter Grade Only</td>
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<tr>
<td>Repeatability</td>
<td>Not Repeatable</td>
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**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:

a. Evaluate financial statements to improve business decision-making.

b. Explain the time value of money for business choices.

c. Determine securities valuations for various investment vehicles.

d. Describe capital expenditures choices with standard financial techniques (net present value, etc.).

e. 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).

f. Apply learning to real projects, cash studies and start-up valuations for VC pitches.

**Course Content**

a. Corporate finance and the financial manager

b. Financial statements and financial statement analysis

c. Business decision-making

ii. Utilizing financial ratios, trends and cash flows to manage a business

c. Risk and reward concepts to master the time value of money to evaluate business choices

d. Securities valuations

   i. Interest rates

   ii. Corporate bonds

   iii. Bond valuation

   iv. Stock valuations

   v. Portfolio evaluation

vi. Cost of capital

e. Capital expenditures

   i. Present value

   ii. Internal rate of return

   iii. Payback period

   iv. Other techniques

f. Long term financial decisions

   i. Leverage

   ii. Balance sheet management

   iii. EBITDA and EPS considerations

   iv. 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

Types and/or Examples of Required Reading, Writing, and Outside of Class Assignments
a. Reading:
   i. Financial textbook
   ii. Current business news evaluations
   iii. Case studies
   iv. Student research on companies business performance
b. Term and team projects

Discipline(s)
Business