

BUSINESS FINANCE FUNDAMENTALS

SYLLABUS

July 2020

Written & Delivered By:



PEREGRINE

— GLOBAL SERVICES —

ACADEMICS • LEADERSHIP • PUBLICATIONS

BUSINESS FINANCE FUNDAMENTALS

Overview

Financial managers must be able to convert relevant accounting and tax information into meaningful and actionable information for organizational decision-making. This module includes instruction on financial statement and cash flows, planning for growth and control, debt management, financial instruments, capital budgeting, and returns.

This module is intended as a review of the key concepts, fundamentals, and foundations of the discipline.

Learners

This module is designed for learners who require an overview of the discipline. The module is commonly used in an academic leveling (transition to graduate education) or business review (capstone) course or program.

The module may qualify for Continuing Education Units (CEU) for professional certifications depending on the professional association.

Module Authors

The author for this module is Peregrine Global Services headquartered in Gillette Wyoming and includes materials from a variety of sources as indicated within the module.

Learning Outcomes

The learning outcomes for the module are as follows. With the completion of this module, learners should be able to:

1. Describe how financial professionals use accounting information to analyze the firm's cash flows and financial performance.
2. Identify and examine four major financial statements.
3. Restate the key concepts involved in cash flow analysis.
4. Explain how popular financial ratios are used to analyze a firm's financial performance.
5. Recognize how firms develop strategic plans that look to the future.

6. Explain how detailed operating plans can project inflows and outflows of cash.
7. Discuss how strategic plans can help firms project earnings over one or two years.
8. Examine how financial plans are used by managers to line up financing before cash shortfalls become critical.
9. Recognize how financial plans help firms identify problems before they arise.
10. Describe different types of financial instruments.
11. Explain the types of debt.
12. Discuss bond ratings and why they are important.
13. Recognize the features and characteristics of equity.
14. Explain the cost of money and how it is determined.
15. Review factors that affect interest rates.
16. Describe how government actions and business activity affect interest rates.
17. Discuss how the level of interest rates affect the values of stocks and bonds.
18. Explain the relevant cash flows associated with a capital budgeting project.
19. Describe how firms make decisions about whether to invest in costly, long-lived real assets.
20. Identify how a firm chooses between two or more acceptable investments when only one can be purchased.
21. Recognize how risk is incorporated in capital budgeting analysis.

Curriculum

<u>Section</u>	<u>Topics</u>
Section 1: Financial Statement and Cash Flow Analysis	<ul style="list-style-type: none"> • Financial Statements • Cash Flow Analysis • Assessing Financial Performance Using Ratio Analysis

Section 2: Strategic and Operational Financial Planning	<ul style="list-style-type: none"> • Overview of the Planning Process • Planning for Growth • Planning and Control
Section 3: Financial Assets (Instruments)	<ul style="list-style-type: none"> • A Managerial Perspective • Financial Instruments and the Firm's Balance Sheet • Debt • Bond Contract Features • Bond Ratings • Stock (Equity) • Derivatives • Rationale for Different Types of Securities • Which Financial Instrument Is Best?
Section 4: The Cost of Money (Interest Rates)	<ul style="list-style-type: none"> • A Managerial Perspective • Realized Returns (Yields) • Factors That Affect the Cost of Money • Interest Rate Levels • The Determinants of Market Interest Rates • The Term Structure of Interest Rates • Why Do Yield Curves Differ? • Does the Yield Curve Indicate Future Interest Rates? • Other Factors That Influence Interest Rate Levels • Interest Rate Levels and Stock Prices • The Cost of Money as a Determinant of Value
Section 5: Capital Budgeting	<ul style="list-style-type: none"> • A Managerial Perspective • The Importance of Capital Budgeting • Project Classifications • Steps in the Valuation Process • Estimating a Project's Cash Flows • Cash Flow Estimation – Illustrations of Expansion Projects and Replacement Projects • Capital Budgeting Evaluation Techniques • Comparison of the NPV and IRR Methods • Cash Flow Patterns and Multiple IRRs • Modified Internal Rate of Return

	<ul style="list-style-type: none"> • Conclusions on the Capital Budgeting Decision Methods • Incorporating Risk in Capital Budgeting Analysis • How Project Risk Is Considered in Capital Budgeting Decisions • Multinational Capital Budgeting
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Delivery

The module is delivered using Peregrine’s Learning Management System (LMS) known as CMAD. Course instruction is with asynchronous online learning activities.

Assessment

Throughout the module, there are in-progress quizzes and short exercises to ensure understanding of the instructional content. A completion certificate is issued when the learner obtains at least 80% on the final exam.

Hours and Articulation

Learner hours are shown in the following table. The hours are based on both the time within the module and time away from the module conducting application activities.

<u>Section</u>	<u>Hours</u>
Pre-test	0.25
Section 1: Financial Statement and Cash Flow Analysis	1
Section 2: Strategic and Operational Financial Planning	1
Section 3: Financial Assets (Instruments)	0.50
Section 4: The Cost of Money (Interest Rates)	1
Section 5: Capital Budgeting	1
Post-test	0.25
Total Hours	5