

## COURSE INFORMATION

Course Prefix/Number:	BAF 201
Course Title:	Principles of Finance
Lecture Hours/Week:	3.0
Lab Hours/Week:	0.0
Credit Hours/Semester:	3.0

[Distance Learning Attendance/VA Statement](#)  
[Textbook Information](#)

**COURSE DESCRIPTION:** This course is an introductory course to the field of finance. The monetary and credit systems are examined along with how the demand for funds is met in both the public and private sectors.

**COURSE COMPETENCIES:** Upon successful completion of this course, the student should be competent to perform the following tasks.

### **Module 1 – The goals of financial management, time value of money, financial markets**

- Describe the primary goal of the financial manager of a publicly held corporation, and explain the relationship between stock prices and shareholder value.
- Define business ethics and briefly explain what companies are doing in response to a renewed interest in ethics,
- Define the consequences of unethical behavior, and how employees should deal with unethical behavior.
- Calculate the future value of some beginning amount, and find the present value of a single payment to be received in the future. Solve for interest rate or time, given the other three variables in the TVM equation.
- Explain why ratio analysis is usually the first step in the analysis of a company's financial statements.
- Briefly explain the Efficient Markets Hypothesis (EMH), identify the three levels of efficiency, and discuss the implications of market efficiency.

### **Module 2 – Interest, risk, bond & stock valuation**

- Briefly explain how interest rate levels affect business decisions.
- Calculate the value of a bond with annual or semiannual interest payments.
- Calculate the yield to maturity, the yield to call, and the current yield on a bond.
- Define risk and calculate the expected rate of return, standard deviation, and coefficient of variation for a probability distribution.
- Explain the implications of risk and return for corporate managers and investors. Determine the value of a share of common stock when: (1) dividends are expected to grow at some constant rate, (2) dividends are expected to remain constant (zero growth), and (3) dividends are expected to grow at some supernormal, or nonconstant, growth rate.
- Define preferred stock, determine the value of a share of preferred stock.

### **Module 3 – Financial forecasting, cost of capital, and capital budgeting**

- Define and calculate the component costs of debt and preferred stock.
- Explain why the cost of debt is tax adjusted and the cost of preferred is not.
- Calculate the firm's composite, or weighted average, cost of capital.

- Define capital budgeting, explain why it is important, differentiate between security valuation and capital budgeting.
- Calculate net present value (NPV) and internal rate of return (IRR) for a given project and evaluate each method.
- Calculate both the payback and discounted payback periods for a given project and evaluate each method.
- Use the replacement chain and equivalent annual annuity methods to compare projects with unequal lives, and explain when you might use one method over the other.

#### **Module 4 – Financial leverage, dividend policy, asset management**

- Explain why capital structure policy involves a trade-off between risk and return, and list the four primary factors that influence capital structure decisions.
- Define financial leverage and explain its effect on expected ROE, expected EPS, and the risk borne by stockholders.
- Define target payout ratio and optimal dividend policy. List a number of factors that influence dividend policy in practice.
- Briefly explain what a stock split and stock dividend are, and specify why a firm might split its stock or pay a stock dividend.
- Define basic working capital terminology.
- Use ratios to modify accounts receivable or inventories in the forecasting process, and explain when one might use this technique.

#### **MINIMUM STANDARDS**

A student with an overall average score of 60% or better will receive three hours credit for the course with a grade of “D.” An overall average score of 70% is a grade of “C.” All business administration majors require a “C” to fulfill the requirements for the degree. Check the York Technical College Catalog and Handbook for grade requirements for particular majors.

#### **COURSE REQUIREMENTS**

##### **Attendance**

The attendance policy in the York Technical College Catalog and Handbook will be followed allowing a maximum of 20% absences during the semester

##### **Academic Integrity**

The student is bound by the policies stated in the York Technical College Catalog and Handbook. Any student violating these policies will be subject to academic discipline.

##### **Academic Honesty**

In accordance with the student conduct information in the York Technical College Catalog and Handbook. “The College expects all students to conduct themselves with dignity and to maintain high standards of responsible citizenship.” “Any student caught cheating or involved in any other academic dishonesty will be given a grade of zero and will be subject to further disciplinary action.” All other regulations as specified in the handbook will be followed.

##### **Other Requirements**

- Attend class and be on time to class.
- Read and study assigned chapters.
- Complete assigned homework problems and exercises.

- Participate in classroom activities and discussions.
- Take all module assessments when scheduled.

### **EVALUATION STRATEGIES AND GRADING**

The student will demonstrate mastery of modules through successful completion of each module assessment. The student will take all module assessments in the classroom on designated dates. The student's final score is the average of the four module assessment scores.

Module 1 Assessment Score  
Module 2 Assessment Score  
Module 3 Assessment Score  
Module 4 Assessment Score  
Average Total Score

The following scale will be the standard:

Score:	Grade:
90-100	A
80-89	B
70-79	C
60-69	D
<60	F

Withdrawal before midterm: W

### **METHOD OF INSTRUCTION**

Through lectures, discussions and problem solving, the student will cover the textbook materials of the assigned chapters. The instructor will present new materials and review homework problems using PowerPoint, the blackboard, and/or the overhead projector.

### **ENTRY LEVEL SKILLS**

In order to be successful in BAF 201, the student should have skills in math concepts to include fractions, fraction to decimal conversion, percentage computation, and basic algebra. In addition, the student should have an understanding of principles of accounting, especially the financial statements.

**PREREQUISITES:** ACC 102 and MAT 101

**CO-REQUISITES:** None

### **DISABILITIES STATEMENT**

Any student who feels s/he may need an accommodation based on the impact of a disability should contact the Special Resources Office (SRO) at 803-327-8007 in the 300 area of Student Services. The SRO coordinates reasonable accommodations for students with documented disabilities.