WILMINGTON UNIVERSITY
COLLEGE OF BUSINESS
BASIC COURSE INFORMATION

COURSE TITLE: Financial Management
COURSE NUMBER: MBA 7200

I. RATIONALE:

Knowledge of fundamental corporate finance principles is necessary for all MBA students. MBA 7200 provides an introduction to corporate finance and is a required MBA common-core curriculum course. Corporate finance topics covered include the objectives of financial management, financial statement analysis, valuation of assets, time value of money, the risk and return tradeoff, and cost of capital analyses. A working knowledge of each of these concepts is a necessary competency of all MBA students in their role as potential future business leaders.

II. MAJOR INSTRUCTIONAL GOALS:

GOAL A: Students will comprehend the role of corporate finance as a primary business function and use financial statement and ratio analyses to interpret the financial health and relative position of a corporation within its industry.

Learning Outcomes: The student will:

A-1 Define the corporation as a legal entity and the terms capital structure, capital budget, and working capital management as essential to the financial workings of the modern corporation.
A-2 Demonstrate fluency in working with and analyzing financial statements and prepare a data-driven financial analysis report.
A-3 Calculate liquidity, profitability, and market-value financial ratios and prepare a ratio trend analysis for the firm as compared to its industry averages.
A-4 Prepare a comprehensive financial analysis of a selected corporation and identify a firm's management efficiency based on the financial ratios and determine the firm’s current market value and assess if the firm is under- or over-valued.

GOAL B: Students will demonstrate understanding of the concept of time value of money and utilize this concept to prepare accurate calculations based on present and future valuations.

Learning Outcomes: The student will:

B-1 Prepare present value and future value calculations based on a specific discount rate and time period using present and future value tables.
B-2 Formulate a series of discounted future equal (annuity-based) and unequal cash flows based on a financial investment.

B-3 Determine the present value of a series of unequal and multiple future cash flows from a financial investment.

B-4 Apply time value of money principles to the valuation of equities (stock) and long-term debt (bond) financial instruments.

GOAL C: Students will comprehend interest rate theory, cost of capital, and the principal of the risk-return trade-off as applied to the firm and financial project and investment analyses.

Learning Outcomes: The student will:

C-1 Examine financial and economic factors that affect systematic risk and the returns for bearing risk.

C-2 Calculate a weighted average cost of capital for a firm.

C-3 Explain how a firm’s beta and alpha help determine the securities risk and reward relationship as related to the Security Market Line.

C-4 Calculate the expected return and variance of a single stock and a sample portfolio of equity investments.

GOAL D: Students will develop a thorough understanding of corporate capital structure, security selection and valuation, and the concept of financial leverage.

Learning Outcomes: The student will:

D-1 Define, compare, and contrast equity and debt financing implications for the firm.

D-2 Calculate the yield and yield to maturity of long- and short-term bond investments.

D-3 Calculate the expected value of an equity security based on a given required rate of return.

D-4 Differentiate strong and weak firms on their ability to manage debt and equity to maximize shareholder value.

D-5 Evaluate the impact on the firm’s potential earnings from a range of financial leverage capital structure positions.
**GOAL E:** Students will define the role of capital budgeting and utilize fundamental capital budget techniques to evaluate capital projects and their impact on the cash flow of the firm.

**Learning Outcomes:** The student will:

E-1 Evaluate the impact on cash flow of capital projects using the Net Present Value (NPV) technique and determine an acceptance or rejection project decision based on the project’s NPV.

E-2 Generate a firm’s ideal allocation of targeted capital-project funding as indicated by an Internal Rate of Return (IRR) capital budget calculation.