COURSE OUTLINE

Title: Business Finance
Abbreviation and Number: FINB211
School: Business
Department: Banking, Economics and Finance
Credits: 3
Pre-requisite(s): ACCA205 and ECON211
Pre-requisite(s): None

COURSE DESCRIPTION
Students cover the financial system and its operations with special emphasis on financial markets, institutions, management and their roles in the economy. They study financing the corporate, government and personal sectors of the economy, regulation of the financial system, and careers in the financial services industry.

SPECIFIC OBJECTIVES
Upon successful completion of this course, students will be able to
1) Apply time value methodology to general valuation and cash flow applications;
2) Discuss the conceptual relationship between the expected return and the relevant risk of individual assets and portfolios of assets;
3) Evaluate the traditional techniques of capital budgeting analysis in business and personal capital investments;
4) Apply calculations to the optimal capital structure; and
5) Discuss the current financial environment in which business decisions are made.

COURSE CONTENT
I. Role of Finance
   A. Requirements for an effective financial system
   B. Financial intermediaries
   C. Financial functions in the financial system
   D. Nature and functions of money
   E. Development of monetary systems

II. Depository Institutions and the Monetary System
   A. History of the United States, United Kingdom, and The Bahamas' banking systems
   B. Functions of the banking system
   C. Protection of depositor's funds
   D. Assets and sources of funds for depository institutions
   E. Structure and function of monetary institutions

III. National Objectives
   A. Economic policy
   B. Government's influence on the economy
   C. Treasury instruments
   D. Money supply
   E. Bank reserves
V. Interest Rates
   A. Supply and demand for loanable funds
   B. Determinants: endogenous and exogenous
   C. Risk-free securities
   D. Term or maturity of interest rates
   E. Inflation premiums and price movements

VI. Time Value of Money
   A. Simple interest
   B. Compounding and future value
   C. Discounting
   D. Present values
   E. Finding interest rates and time requirements
   F. Annuities

VII. Financial Analysis
   A. Financial statement analysis
   B. Ratio analysis of balance sheet and income statement
   C. Financial ratios
   D. Long-term financial planning

VIII. Managing Working Capital and Short-Term Business Financing
   A. Operating and cash conversion cycles
   B. Cash budgets
   C. Management of current assets
   D. Factors
   E. Commercial bank lending operations
   F. Inventory loans
   G. Trade Credit

IX. Capital Budgeting Analysis
   A. Decisions
   B. Processes
   C. Techniques
   D. Estimating project cash flows
   E. Strategic analysis and cash flow estimation

X. Capital Structure
   A. Decision
   B. Required rate of return and the cost of capital
   C. Cost of debts
   D. Preferred stocks
   E. Common stock

XI. Site Visits
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ASSESSMENT
In-Class Tests ....................................................... 40%
Assignments ......................................................... 30%
Final examination.................................................. 30%
Total ................................................................. 100%

REQUIRED TEXT

SUPPLEMENTARY READINGS/MATERIALS
Institute of Chartered Financial Analysts (AIMR), Guidelines for CFA Examinations. Charlottesville, Virginia, USA.

JOURNALS
Bahamian Banker
Business Challenge
Canadian Banker
Financial Times
Journal of Corporate Finance
Journal of Economics and Finance
Journal of Finance – American Finance Association
Newsweek
Quarterly Review, Central Bank of The Bahamas
Quarterly Review, Federal Reserve Bank of Atlanta
Time

NEWSPAPERS
The Tribune
Wall Street Journal

WEBSITES
statistics.bahamas.gov.bs/
www.afajof.org
www.bahamas.gov.bs/labour/
www.bankingandfinancereview.com
www.ccee.org
www.centralbankbahamas.com/
www.economist.com/
www.federalreserve.gov
www.financejournal.com
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www.journals.elsevier.com/journal-of-banking-and-finance/
www.thebahamasinvestor.com/
www.thenassauguardian.com/
www.tribune242.com/
www.worldbank.org
www.wsj.com
www.wto.org