



This course supports the assessment for Financial Management. The course covers 7 competencies and represents 3 competency units.

Introduction

Overview

The Financial Management course covers practical approaches to analysis and decision making in the administration of corporate funds, including capital budgeting, working capital management, and cost of capital. Topics include

- financial planning,
- management of working capital,
- analysis of investment opportunities,
- sources of long-term financing,
- government regulations, and
- global influences.

You will improve your ability to interpret financial statements and manage corporate finances.

Watch the following welcome video for an introduction to this course:

Note: To download this video, right-click the following link and choose "Save as...": [download video](#).

Getting Started

Welcome to C214, Financial Management! In this course, you'll learn 16 topics through the primary learning resource, MyEducator. Within each topic, you will read text, watch videos, and complete self-check questions. To help you track your progress in the course, view the Topics and Pacing guide located in the Preparing for Success section. Competency will be demonstrated by the successful completion of an objective assessment.

Competencies

This course provides guidance to help you demonstrate the following 7 competencies:

- **Competency 3015.1.1: The Financial Environment**
The graduate evaluates the primary risk/return criteria regarding financial management in domestic and global environments.
- **Competency 3015.1.2: Financial Statement Analysis**
The graduate evaluates company performance based on financial statements and other measures in order to provide recommendations.
- **Competency 3015.1.3: Valuation Skills**
The graduate applies valuation skills to evaluate capital investment projects and the overall value of a firm.
- **Competency 3015.1.4: Capital Market Theory**



The graduate applies capital market theory in financial decision making.

- **Competency 3015.1.5: Long-Term Investment Decisions**

The graduate applies long-term investment concepts to capital budgeting decision making.

- **Competency 3015.1.6: Capital Management**

The graduate demonstrates the management of working capital to achieve the appropriate value for the firm.

- **Competency 3015.1.7: Government Regulation**

The graduate analyzes applicable legal and regulatory requirements to determine whether organizations meet legal responsibilities and act with social responsibility.

Course Instructor Assistance

As you prepare to demonstrate competency in this subject, remember that course instructors stand ready to help you reach your educational goals. As subject matter experts, mentors enjoy and take pride in helping students become reflective learners, problem solvers, and critical thinkers. Course instructors are excited to hear from you and eager to work with you.

Successful students report that working with a course instructor is the key to their success. Course instructors are able to share tips on approaches, tools, and skills that can help you apply the content you're studying. They also provide guidance in assessment preparation strategies and troubleshoot areas of deficiency. Even if things don't work out on your first try, course instructors act as a support system to help you prepare for another attempt. You should expect to work with course instructors for the duration of your coursework, and you are encouraged to contact them as soon as you begin. Course instructors are fully committed to your success!

Preparing for Success

The information in this section is provided to detail the resources available for you to use as you complete this course.

Learning Resources

The learning resources listed in this section are required to complete the activities in this course. For many resources, WGU has provided automatic access through the course. However, you may need to enroll manually in or independently acquire other resources. Read the full instructions provided to ensure that you have access to all of your resources in a timely manner.

Automatically Enrolled Resources

You can access the learning resources listed in this section by clicking on the links provided throughout the course. You may be prompted to log in to the WGU student portal to access the resources.

MyEducator

You will access modules from the following MyEducator courseware at the activity level within this course.

- [Financial Management](#)



Minimum Technical Requirements

Obtain a Calculator

You will need a financial calculator or access to spreadsheet software, such as Microsoft Excel, for computational problems throughout this course. The recommended financial calculator is the Texas Instruments BA-II Plus. You may only use an approved financial calculator during the pre-assessment and assessment for this course. You are unable to use Excel during the assessments.

Other Learning Resources

WGU Library Articles

This course utilizes resources via the WGU Library, with articles available for you to open and download. For instructions on how to access WGU Library articles, see the "[Accessing WGU Library Articles](#)" page.

The following WGU Library articles will be used in this course:

- (2005). 10 Questions with . . . Burton Malkiel on A Random Walk Down Wall Street. *Journal of Financial Planning*, Vol. 18 Issue 4, p 10-14; 4p.

Topics and Pacing

This outline is a guided structure of the topics recommended to complete the learning activities. It is provided as a suggested structure and can be adapted according to your knowledge, skills, and experience. Use the topics and pacing outline to support your completion of the course within the recommended timeframe.

Week 1

- Preparing for Success
- Overview of Finance
- Financial Statements: The Income Statement and Balance Sheet

Week 2

- Financial Statements: Cash Flow
- Financial Ratio Analysis

Week 3

- The Time Value of Money
- Debt, Valuation, and Interest Rates

Week 4

- Equity and Valuation
- Risk and the Capital Asset Pricing Model (CAPM)



Week 5

- Cost of Capital
- Financial Forecasting

Week 6

- Capital Budgeting
- Capital Structure

Week 7

- Working Capital Management
- Firm Valuation

Week 8

- Government Regulation in Financial Markets
- Global Financial Managements
- Final Steps

Financial Management

Finance is about setting and reaching financial goals that meet the strategic objectives of the firm. Business managers and leaders must have a solid foundation in the processes required to accurately analyze current status, plan and prepare for future requirements, comply with regulatory guidelines, and manage within the global financial and competitive environments.

Overview of Finance

The discipline of finance involves determining the value of an organization and structuring its resources to maintain or improve that value. This overview provides a big-picture view of financial tools and a vocabulary for financial discussions.

This topic addresses the following competency:

- **Competency 3015.1.1: The Financial Environment**
The graduate evaluates the primary risk/return criteria regarding financial management in domestic and global environments.

This topic highlights the following objectives:

- Explain how the basic types of financial instruments (financial securities) are traded.
- Explain how the various possible goals of a firm relate to shareholder value and benefits.

Complete: Topic 1: Overview of Finance

Complete the topic linked below, including reading the text, viewing the videos, and completing



the homework assignment, practice problems, and quizzes.

Access the following topic in *Financial Management*:

- [Topic 1 \("Overview of Finance"\)](#)

Self-Check: Topic 1: Overview of Finance

If you have not done so already, complete the review questions at the end of Topic 1:

- [Topic 1.11 \("Topic 1 Review"\)](#)

Financial Statements: The Income Statement and Balance Sheet

The income statement and balance sheet are two of the major financial documents used to measure a firm's operational performance and financial position. Having an accurate record is necessary to plan and make decisions that will affect the success of the business.

This topic addresses the following competency:

- **Competency 3015.1.2: Financial Statement Analysis**
The graduate evaluates company performance based on financial statements and other measures in order to provide recommendations.

This topic highlights the following objectives:

- Describe the scope and structure of major financial statements.
- Describe the primary differences between accounting income and income for tax purposes.
- Explain the structure of financial statements and how they are related to one another.

Complete: Topic 2: Financial Statements Part 1?The Income Statement and Balance Sheet

Complete the topic linked below, including reading the text, viewing the videos, and completing the homework assignment, practice problems, and quizzes.

Access the following topic in *Financial Management*:

- [Topic 2 \("Financial Statements Part 1—The Income Statement and Balance Sheet"\)](#)

Self-Check: Topic 2: Financial Statements Part 1?The Income Statement and Balance Sheet

If you have not done so already, complete the end-of-topic questions and topic review at the end of Topic 2:

- [Topic 2.11 \("Topic 2 Review"\)](#)

Financial Statements: Cash Flow

The cash flow statement is the third of the three major financial statements used by a financial



manager. Such statements allow you to track the sources and uses of funds from operations, financing, and investing activities.

This topic addresses the following competency:

- **Competency 3015.1.2: Financial Statement Analysis**

The graduate evaluates company performance based on financial statements and other measures in order to provide recommendations.

This topic highlights the following objectives:

- Explain the relationship of environmental factors to the recording and classification of cash flows for decision making.
- Differentiate between net income and cash flow, including understanding the components of the cash flow statement.
- Calculate cash flows from operations, investments, and financing given appropriate data.
- Explain how changes in line items on the finance statements affect the calculation of cash flow from operations.
- Calculate free cash flow and cash flow from operations based on sources of financial information.

Complete: Topic 3: Financial Statements Part 2?The Statement of Cash Flows

Complete the topic linked below, including reading the text, viewing the videos, and completing the homework assignment, practice problems, and quizzes.

Access the following topic in *Financial Management*:

- [Topic 3 \("Financial Statements Part 2—The Statement of Cash Flows"\)](#)

Self-Check: Topic 3: Financial Statements Part 2?The Statement of Cash Flows

If you have not done so already, complete the end-of-topic questions at the end of Topic 3:

- [Topic 3.11 \("Topic 3 Review"\)](#)

Financial Ratio Analysis

A ratio is a comparison of two similar quantities. Financial ratios can be used to judge the performance of the company over time based on several different factors (e.g., leverage, efficiency, productivity, and liquidity).

This topic addresses the following competency:

- **Competency 3015.1.3: Valuation Skills**

The graduate applies valuation skills to evaluate capital investment projects and the overall value of a firm.



This topic highlights the following objectives:

- Explain the issues that arise when using accounting information for financial analysis.
- Calculate the key ratios related to leverage, efficiency, productivity, and liquidity.
- Explain how returns are bottom-line measures to assess a company's performance and can be used to compare trends among similar companies.
- Describe when financial statement entries must follow given guidelines and when judgment can be used.

Complete: Topic 4: Ratio Analysis

Complete the topic linked below, including reading the text, viewing the videos, and completing the homework assignment, practice problems, and quizzes.

Access the following topic in *Financial Management*:

- [Topic 4 \("Ratio Analysis"\)](#)

Self-Check: Topic 4: Ratio Analysis

If you have not done so already, complete the end-of-topic questions and topic review at the end of Topic 4:

- [Topic 4.12 \("Topic 4 Review"\)](#)

The Time Value of Money

The value of money changes over time. One dollar today buys fewer goods and services than it would have in 1950. This change in value is determined by three factors:

- inflation/deflation,
- opportunity, and
- risk.

All financial decisions involve the flow of money over time, making the evaluation of the time value of money an essential skill.

This topic addresses the following competency:

- **Competency 3015.1.3: Valuation Skills**

The graduate applies valuation skills to evaluate capital investment projects and the overall value of a firm.

This topic highlights the following objectives:

- Apply the principles of compound interest and simple interest to solve present value and future value problems.
- Apply the time value of money mathematics to solve loan and retirement problems.
- Apply the appropriate method of valuing different patterns of cash flows.



Complete: Topic 5: The Time Value of Money

Complete the topic linked below, including reading the text, viewing the videos, and completing the homework assignment, practice problems, and quizzes.

Access the following topic in *Financial Management*:

- [Topic 5 \("The Time Value of Money"\)](#)

Self-Check: Topic 5: The Time Value of Money

If you have not done so already, complete the end-of-topic questions and topic review at the end of Topic 5:

- [Topic 5.12 \("Topic 5 Review"\)](#)

Debt, Valuation, and Interest Rates

Rarely can a company function completely on internal financial resources. Financial managers must use a variety of data points and models to decide how additional financial resources can be acquired, and the impact of that debt on the company valuation. In this topic, you will do several calculations using different financial options.

This topic addresses the following competency:

- **Competency 3015.1.4: Capital Market Theory**
The graduate applies capital market theory in financial decision making.

This topic highlights the following objectives:

- Explain the basic features of different types of debt obligations.
- Determine the value of debt when given an appropriate discount rate.
- Explain how bond prices change over time.
- Calculate the yield on a straight bond and a zero-coupon bond.
- Describe the various types of government securities.
- Calculate the yield to maturity for a zero coupon treasury bill.
- Describe the factors affecting yields on debt securities.
- Describe the basic features of debt financing.
- Calculate (compare) annual percentage rates and effective annual rates for both discrete and continuous compounding.

Complete: Topic 6: Debt Securities?Loans and Bonds

Complete the topic linked below, including reading the text, viewing the videos, and completing the homework assignment, practice problems, and quizzes.

Access the following topic in *Financial Management*:

- [Topic 6 \("Debt Securities—Loans and Bonds"\)](#)



Self-Check: Topic 6: Debt Securities?Loans and Bonds

If you have not done so already, complete the end-of-topic questions and topic review at the end of Topic 6:

- [Topic 6.10 \("Topic 6 Review"\)](#)

Equity and Valuation

Equity is the evaluation of who has ownership in a company and what proportion of ownership they have. There are different types of equity instruments and market factors affecting valuation. You will calculate and compare valuations using some of these equity instruments.

This topic addresses the following competency:

- **Competency 3015.1.4: Capital Market Theory**
The graduate applies capital market theory in financial decision making.

This topic highlights the following objectives:

- Differentiate common stocks and preferred stocks.
- Identify the primary factors that affect stock values.
- Calculate commonly used ratios or multiples.
- Estimate the value of securities using the most common dividend discount models.

Complete: Topic 7: Equity Securities

Complete the topic linked below, including reading the text, viewing the videos, and completing the homework assignment, practice problems, and quizzes.

Access the following topic in *Financial Management*:

- [Topic 7 \("Equity Securities"\)](#)

Self-Check: Topic 7: Equity Securities

If you have not done so already, complete the end-of-topic questions at the end of the following topic:

- [Topic 7.11 \("Topic 7 Review"\)](#)

Risk and the Capital Asset Pricing Model (CAPM)

All financial decisions balance the risk of the action versus the potential return. In this topic, you will use the risk/return trade-off model as it applies in capital markets and valuation.

This topic addresses the following competency:

- **Competency 3015.1.4: Capital Market Theory**
The graduate applies capital market theory in financial decision making.



This topic highlights the following objectives:

- Explain what happens to estimated return and risk for individual asset when combined in a portfolio.
- Explain the differences among levels of market efficiency.
- Describe the role of the efficient frontier in a portfolio selection.
- Explain the significance of the capital asset pricing model (CAPM) when evaluating investment portfolios and risks that investors face.

Complete: Topic 8: Risk and the Capital Asset Pricing Model (CAPM)

Complete the topic linked below, including reading the text, viewing the videos, and completing the homework assignment, practice problems, and quizzes.

Access the following topic in *Financial Management*:

- [Topic 8 \("Risk and the Capital Asset Pricing Model \(CAPM\)"\)](#)

Self-Check: Topic 8: Risk and the Capital Asset Pricing Model (CAPM)

If you have not done so already, practice the concepts and complete the topic review at the end of Topic 8:

- [Topic 8.9 \("Topic 8 Review"\)](#)

Cost of Capital

The risk/return model includes the price financial capital users must pay to suppliers for funds in the capital markets. You will apply these calculations in recommending long-term financing options.

This topic addresses the following competency:

- **Competency 3015.1.5: Long-Term Investment Decisions**
The graduate applies long-term investment concepts to capital budgeting decision making.

This topic highlights the following objectives:

- Apply the steps of estimating a company's weighted average cost of capital.
- Determine the cost of using different sources of short-term financing.
- Describe the advantages and limitations of using growth models and/or risk models to estimate the cost of common equity.
- Explain how the required return by common equity investors is related to a company's growth opportunities.

Complete: Topic 9: Cost of Capital

Complete the topic linked below, including reading the text, viewing the videos, and completing the homework assignment, practice problems, and quizzes.



Access the following topic in *Financial Management*:

- [Topic 9 \("Cost of Capital"\)](#)

Self-Check: Topic 9: Cost of Capital

If you have not done so already, complete the topic review at the end of Topic 9:

- [Topic 9.10 \("Topic 9 Review"\)](#)

Financial Forecasting

Making long-term decisions is based on expectations of what will happen in the future. Do you expect increased income from sales or decreased expenses for buildings? Past decisions and their results can be analyzed to assist in future predictions.

This topic addresses the following competency:

- **Competency 3015.1.5: Long-Term Investment Decisions**
The graduate applies long-term investment concepts to capital budgeting decision making.

This topic highlights the following objectives:

- Apply the percent of sales method of forecasting financial accounts for a business entity.
- Create a pro-forma statement using spontaneous and discretionary accounts.
- Compute the forecasted retained earnings after computing forecasted net income and given the dividend policy.
- Determine the discretionary financing needed as the last step of percent of sales forecast method.
- Compare various techniques for managing the growth of a firm.
- Analyze the maximum sustainable growth of a firm.

Complete: Topic 10: Financial Forecasting

Complete the topic linked below, including reading the text, viewing the videos, and completing the homework assignment, practice problems, and quizzes.

Access the following topic in *Financial Management*:

- [Topic 10 \("Financial Forecasting"\)](#)

Self-Check: Topic 10: Financial Forecasting

If you have not done so already, complete the end-of-topic questions and topic review at the end of Topic 10:

- [Topic 10.11 \("Topic 10 Review"\)](#)

Capital Budgeting

Decisions for major projects and long-term financing require applying the tools and techniques



you've learned to this point. In this topic, you will add to your knowledge and skills needed to create a workable capital budget.

This topic addresses the following competency:

- **Competency 3015.1.5: Long-Term Investment Decisions**

The graduate applies long-term investment concepts to capital budgeting decision making.

This topic highlights the following objectives:

- Evaluate relevant cash flows for a capital budgeting analysis.
- Explain the process of capital budgeting and planning.
- Estimate the investment cash flows, operating cash flows, and terminal cash flows of an investment project.
- Apply capital budgeting techniques used to evaluate long-term investments.
- Evaluate effects of inflation on capital budgeting decisions.

Complete: Topic 11: Capital Budgeting

Complete the topic linked below, including reading the text, viewing the videos, and completing the homework assignment, practice problems, and quizzes.

Access the following topic in *Financial Management*:

- [Topic 11 \("Capital Budgeting"\)](#)

Self-Check: Topic 11: Capital Budgeting

If you have not done so already, complete the end-of-topic questions and topic review at the end of Topic 11:

- [Topic 11.12 \("Topic 11 Review"\)](#)

Capital Structure

The capital structure of a company is the proportional level of debt and equity financing necessary to maintain the firm's operations. This topic introduces different models for allocating that proportion.

This topic addresses the following competency:

- **Competency 3015.1.6: Capital Management**

The graduate demonstrates the management of working capital to achieve the appropriate value for the firm.

This topic highlights the following objectives:

- Explain how operating and financial leverage affect a company.



- Describe how business risk and financial risk affect a company's operating earnings and net income.
- Explain how Modigliani and Miller's work has affected other capital structure theories.
- Describe the primary financing decisions made by business entities.
- Identify the different types of hybrid securities that combine both debt and equity characteristics.
- Explain how factors such as company size, profitability, growth, asset tangibility, and market conditions can affect a company's capital structure.

Complete: Topic 12: Capital Structure

Complete the topic linked below, including reading the text, viewing the videos, and completing the homework assignment, practice problems, and quizzes.

Access the following topic in *Financial Management*:

- [Topic 12 \("Capital Structure"\)](#)

Self-Check: Topic 12: Capital Structure

If you have not done so already, complete the topic review at the end of Topic 12:

- [Topic 12.10 \("Topic 12 Review"\)](#)

Working Capital Management

Working capital management is the process of managing a firm's current assets and liabilities as opposed to the long-term financing. The goal is to be efficient and manage in a manner consistent with shareholder wealth maximization.

This topic addresses the following competency:

- **Competency 3015.1.6: Capital Management**
The graduate demonstrates the management of working capital to achieve the appropriate value for the firm.

This topic highlights the following objectives:

- Identify key financial ratios used to evaluate working capital management.
- Describe the motives for holding cash and cash equivalents.
- Explain techniques that financial managers can use to manage cash.
- Explain how credit policies are managed with regard to the costs and benefits of extending credit to customers.
- Compare the primary costs and benefits associated with various inventory levels.

Complete: Topic 13: Working Capital Management

Complete the topic linked below, including reading the text, viewing the videos, and completing the homework assignment, practice problems, and quizzes.



Access the following topic in *Financial Management*:

- [Topic 13 \("Working Capital Management"\)](#)

Self-Check: Topic 13: Working Capital Management

If you have not done so already, complete the topic review at the end of Topic 13:

- [Topic 13.10 \("Topic 13 Review"\)](#)

Firm Valuation

The skills you've learned all contribute to an ability to determine the worth of a firm. This valuation is based on the value of its assets and effectiveness of its operations. To gain a full understanding of a firm's valuation, application of other measures of asset return and risk should be utilized.

This topic addresses the following competency:

- **Competency 3015.1.6: Capital Management**
The graduate demonstrates the management of working capital to achieve the appropriate value for the firm.

This topic highlights the following objectives:

- Describe the basics of asset-pricing models that are alternatives to the capital asset-pricing model.
- Describe the implications of behavioral finance in financial decision making.

Complete: Topic 14: Firm Valuation

Complete the topic linked below, including reading the text, viewing the videos, and completing the homework assignment, practice problems, and quizzes.

Access the following topic in *Financial Management*:

- [Topic 14 \("Firm Valuation"\)](#)

Self-Check: Topic 14: Firm Valuation

If you have not done so already, complete the end-of-topic questions and topic review at the end of Topic 14:

- [Topic 14.8 \("Topic 14 Review"\)](#)

Government Regulation in Financial Markets

Governments have a role in monitoring policies and procedures for the running of efficient capital markets. All managers need to know the various government agencies and their roles to operate in compliance with these regulations.

This topic addresses the following competency:



- **Competency 3015.1.7: Government Regulation**

The graduate analyzes applicable legal and regulatory requirements to determine whether organizations meet legal responsibilities and act with social responsibility.

This topic highlights the following objectives:

- Describe the U.S. Securities and Exchange Commission (SEC) and its role in monitoring capital markets, including Rule 144A/Regulation S security types.
- Determine whether company controls meet the requirements of the Sarbanes-Oxley Act.
- Explain the relationship between the prospectus and the Securities Act of 1933.
- Determine whether a company is in compliance with SEC and the Financial Industry Regulatory Authority (FINRA).
- Describe the Dodd Frank Act and its role in monitoring capital markets.

Complete: Topic 15: Government Regulation in Financial Markets

Complete the topic linked below, including reading the text, viewing the videos, and completing the homework assignment, practice problems, and quizzes.

Access the following topic in *Financial Management*:

- [Topic 15 \("Government Regulation in Financial Markets"\)](#)

Self-Check: Topic 15: Government Regulation in Financial Markets

If you have not done so already, complete the topic review at the end of Topic 15:

- [Topic 15.7 \("Topic 15 Review"\)](#)

Global Financial Management

All businesses operate in a global financial environment, even if their operations are completely within one country or community. Managers must be aware of the international environment when making decisions or developing an efficient risk/return financial strategy. A decision to compete internationally creates significant financial challenges.

This topic addresses the following competency:

- **Competency 3015.1.1: The Financial Environment**

The graduate evaluates the primary risk/return criteria regarding financial management in domestic and global environments.

This topic highlights the following objectives:

- Explain how the global financial system and the global economy relate to business entities and a country's economy.
- Explain how a financial manager's decision framework is affected by the global environment and its risk.

Complete: Topic 16: Global Financial Management



Complete the topic linked below, including reading the text, viewing the videos, and completing the homework assignment, practice problems, and quizzes.

Access the following topic in *Financial Management*:

- [Topic 16 “Global Financial Management”](#)

Self-Check: Topic 16: Global Financial Management

If you have not done so already, complete the topic review at the end of Topic 16:

- [Topic 16.11 \(“Topic 16 Review”\)](#)

Final Steps

Congratulations on completing the activities in this course! This course has prepared you to complete the assessment associated with this course. If you have not already been directed to complete it, schedule and complete your assessment now.