

# Accountant's Guide to Financial Management

## Course Description

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This course is designed for accountants who must have financial knowledge but has not had formal training in finance. Topics include: The Sarbanes-Oxley Act financial reporting requirements, uses and analysis of financial statements, financial forecasting and cash budgeting, risk and return, valuation of stocks and bonds, time value of money, investing and financing, leverage, optimal capital structure, portfolio selection, management of financial resources, and international finance. The goals of the course are fourfold:

1. It provides an understanding and working knowledge of the fundamentals of financial decision making and strategy that can be put to practical application in day-to-day jobs of accountants and managers.
2. It also concentrates on providing a working vocabulary for communication.
3. It uses examples and illustrations, with emphasis on the practical application of financial concepts, tools, and methodology.
4. It also includes checklists, guidelines, rules of thumb, diagrams, graphs, and tables to aid your comprehension of the subjects discussed.

**Completion Deadline & Exam:** This course, including the examination, must be completed within one year of the date of purchase. In addition, unless otherwise indicated, no correct or incorrect feedback for any exam question will be provided.

**Course Level:** Overview. This program is appropriate for professionals at all organizational levels.

**CPE Credits:** 15 (CPA)

**Category:** Finance

**Prerequisite:** None

**Advanced Preparation:** None

## Course Learning Objectives

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### Chapter 1: An Overview of Financial Management

After reading this chapter, you should be able to:

1. Identify the objectives of managerial finance.
2. Distinguish between profit maximization and stockholder wealth maximization.
3. Recognize factors that affect the value of a firm.
4. Recognize the role of financial managers.
5. Recognize the various legal forms of business organization.

## **Chapter 2: Financial Statements and Cash Flow**

After reading this chapter, you should be able to:

1. Identify the basic financial statements used by a firm.
2. Recognize how the balance sheet portrays a company's financial position.
3. Identify the components of a statement of cash flows.
4. Recognize how footnote disclosures are used, and requirements for segment reporting.
5. Recognize reporting requirements of the Sarbanes-Oxley 404.

## **Chapter 3: Evaluating a Firm's Financial Performance**

After reading this chapter, you should be able to:

1. Identify which factors are used in evaluating a firm's stock.
2. Recognize a comprehensive set of financial ratios and how to interpret them.

## **Chapter 4: Improving Financial Performance**

After reading this chapter, you should be able to:

1. Recognize how ROI can be enhanced by management.
2. Identify the basic components of the Du Pont formula and how it can be used for profit improvement.

## **Chapter 5: Budgeting, Planning, and Financial Forecasting**

After reading this chapter, you should be able to:

1. Recognize steps in projecting financial needs by using the percent-of-sales method.
2. Identify major steps in preparing the master budget.
3. Recognize how the cash budget can be used to more effectively conduct financial management.

## **Chapter 6: The Time Value of Money**

After reading this chapter, you should be able to:

1. Recognize the concept and use of the time value of money.
2. Calculate the present value of a future payment.
3. Recognize the definitions for annuities and minimum rates of return.

## **Chapter 7: The Meaning and Measurement of Risk and Rates of Return**

After reading this chapter, you should be able to:

1. Recognize the components required to compute the return of an investment.
2. Define the risk-return trade-off used in understanding diversification.
3. Identify the types of risks reported by beta in its use in designing a portfolio.
4. Using the Capital Asset Pricing Model (CAPM), calculate portfolio return and portfolio risk.
5. Using the Arbitrage Pricing Model (APM), compute rate of return.

## **Chapter 8: Valuation of Stocks and Bonds**

After reading this chapter, you should be able to:

1. Recognize the key inputs and concepts underlying the security valuation process.
2. Distinguish between preferred stock and common stock.
3. Recognize the various methods of common stock valuation.

## **Chapter 9: The Cost of Capital**

After reading this chapter, you should be able to:

1. Compute costs of financing for long-term debt.
2. Identify the overall cost of capital.
3. Recognize factors used in computing the overall cost of capital.

## **Chapter 10: Capital Budgeting: Techniques and Practice**

After reading this chapter, you should be able to:

1. Define the capital budget.
2. Identify capital budgeting methods used to grow a company.
3. Recognize how different project conditions can affect ultimate investment decisions.
4. Recognize the types of depreciation methods.

## **Chapter 11: Determining the Financing Mix**

After reading this chapter, you should be able to:

1. Identify how operating leverage affects a firm and compute total leverage.
2. Recognize the primary objective of capital structure decisions and the influences on capital structure decisions.

## **Chapter 12: Managing Liquid Assets**

After reading this chapter, you should be able to:

1. Understand the components of working capital and how to compute work capital.
2. Recognize different methods of managing accounts receivable and how they affect cash flows.
3. Recognize ways to better manage inventory, including the economic order quantity and the ABC inventory control method.

## **Chapter 13: Short-Term Financing**

After reading this chapter, you should be able to:

1. Recognize the different short-term financing instruments and when one is most appropriate.

## **Chapter 14: Debt Financing**

After reading this chapter, you should be able to:

1. Recognize the advantages of using bonds for long term financing.
2. Identify the types of bonds that can be issued.

## **Chapter 15: Equity Financing**

After reading this chapter, you should be able to:

1. Recognize the advantages and disadvantages of the different kinds of stock and other equity securities.
2. Identify the types and characteristics of equity financing.
3. Recognize the role of the investment banker.
4. Distinguish difference between a private and public placement of securities.

## **Chapter 16: International Finance**

After reading this chapter, you should be able to:

1. Recognize the key features of the financial management of a multinational corporation (MNC), including foreign exchange issues.
2. Identify ways to control currency risk.
3. Recognize different types of foreign exchange exposure.
4. Recognize ways to rate political risk.
5. Identify various international sources of financing.