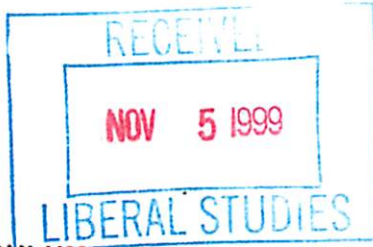


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Submission Date: /  
Action-Date: App 4/9/02

Senate App 5/7/02

**CURRICULUM PROPOSAL COVER SHEET**  
University-Wide Undergraduate Curriculum Committee

**I. CONTACT**

Contact Person Ibrahim Affaneh Robert Boldin Phone 4096  
Department Finance and Legal Studies

**II. PROPOSAL TYPE (Check All Appropriate Lines)**

- COURSE** S-T Financial Mgmt  
Suggested 20 character title
- New Course\*** FI350 Short-Term Financial Management  
Course Number and Full Title
- Course Revision** \_\_\_\_\_  
Course Number and Full Title
- Liberal Studies Approval +** \_\_\_\_\_  
for new or existing course Course Number and Full Title
- Course Deletion** \_\_\_\_\_  
Course Number and Full Title
- Number and/or Title Change** \_\_\_\_\_  
Old Number and/or Full Old Title
- \_\_\_\_\_ New Number and/or Full New Title
- Course or Catalog Description Change** \_\_\_\_\_  
Course Number and Full Title
- PROGRAM:** \_\_\_\_\_ Major \_\_\_\_\_ Minor \_\_\_\_\_ Track
- New Program\*** \_\_\_\_\_  
Program Name
- Program Revision\*** \_\_\_\_\_  
Program Name
- Program Deletion\*** \_\_\_\_\_  
Program Name
- Title Change** \_\_\_\_\_  
Old Program Name
- \_\_\_\_\_ New Program Name

**III. Approvals (signatures and date)**

[Signature] Department Curriculum Committee  
[Signature] Department Chair  
[Signature] College Curriculum Committee  
[Signature] College Dean  
 + Director of Liberal Studies (where applicable) \*Provost (where applicable)



I. Catalog Description

FIN 350 Short-Term Financial Management

3 class hours  
0 lab hours  
3 semester hours  
(3c-01-3h)

Prerequisites: FIN 310, 315

The course provides the conceptual framework and analytical techniques for the short-term financial decisions made by the practicing manager as related to the corporate cash and marketable securities; inventory; accounts receivable; accounts payable, and the short-term borrowing and investing activities.

II. Course Objectives

Upon completion students will:

- A. be able to prepare a short-term financial plan for a corporate enterprise.
- B. be able to determine the cash position of the corporation at any time and to improve that position by using the techniques learned in the course.
- C. be able to determine the credit policy for the corporate enterprise and evaluate the risks and returns involved.
- D. be able to evaluate the short-term investment instruments available in the market for investment purposes.
- E. be able to identify the different sources of short-term funds and determine the cost of each source.
- F. learn how to negotiate with suppliers for the best short-term contracts.
- G. learn how to work as a team and interact with their colleagues through group work.
- H. improve their abilities in using different software on PCs to develop the financial plans and to prepare their homework.

III. Course Outline

FIN 350 Short-Term Financial Management  
Prerequisites: FIN 310, FIN 315

<u>Topic</u>	<u>Time</u>
Introduction to Short-Term Financial Management The Operating Cash Flow Cycle The Cash Flow Timeline The Framework of the Short-Term Financial Decision The Objectives and Organizational Structure of Short-Term Decision The Valuation Framework: PV Framework; CAPM Framework	3 hrs.
Banking and the Payments System Working with Bank Balances Bank Accounts Analysis and Bank Compensation Components of the Payment Systems: Currency; Checks; Wire Transfers; Automated Clearinghouse and Transfers Electronic Data Interchange (EDI): Benefits and Costs of EDI; EDI Standards	3 hrs.
Cash Management Systems The Design of Collection Systems Types of Collection Systems: Lockbox System; Mailed Payment; Over-the-Counter Collection Cash Concentration Systems: Field vs. Lockbox Concentration System; Decentralized vs. Centralized Systems Cash Concentration Systems Costs	3 hrs.

<b>Cash Disbursement Systems</b>	<b>3 hrs.</b>
<p>The Disbursement System: Strategic vs. Tactical Disbursement Float Transaction  Costs; Administration Costs and Control Costs  Types of Disbursement Systems: Centralized vs. Decentralized; Disbursement System;  Cashflow Timeline Systems  Disbursement Tools: Zero-Balance Accounts; Reconciliation Services; Payable Through Draft;  Controlled Disbursement Account and Bank; Electronic Payments</p>	
<b>Measuring and Managing Firm's Liquidity</b>	<b>3 hrs.</b>
<p>Definition of Liquidity and How to Measure It  Determining the Cash Balance a Firm Would Need: The Baumol Model; The Miller  And Orr Model</p>	
<b>Money Market Investments</b>	<b>4 hrs.</b>
<p>The Major Participants: Agents; Brokers; Dealers; Lenders; Borrowers; The Federal Reserve  The Characteristics of the Money Market Securities – Liquidity; Yield; Risk  The Major Types of Securities: TB; TN; Federal Agencies Securities; Bank Securities;  Commercial Papers; Bankers' Acceptances; Certificate of Deposits; Repurchase Agreements, etc.</p>	
<b>Managing the Short-Term Investment Portfolio</b>	<b>3 hrs.</b>
<p>Portfolio Management Process: Information Gathering; Formulating Expectations and  Strategies; Constructing and Monitoring the Portfolio  Interest Rate Risk</p>	
<b>Term-Structure of Interest Rate</b>	<b>3 hrs.</b>
<p>Bank Credit Arrangements: Single Payment Loan; Line of Credit; Revolving Credit;  Letter of Credit; Term Loan; Asset Based Loan  Determining the Cost of Borrowing: Discounted vs. Add-on Borrowing; Compensating  Balances and Installment Loans</p>	
<b>Mid-Term Exam</b>	<b>1 hr.</b>
<b>Short-Term Borrowing From Non-Banks</b>	<b>3 hrs.</b>
<p>Finance Companies: The Different Types of Facilities and Their Costs  Factoring: The Three Major Types of Factoring and Their Costs: Maturity; Conventional;  And the Assignment of Equity Factoring  Off-Balance Sheet Financing  Fixed vs. Variable Rate Financing</p>	
<b>Receivables Management</b>	<b>3 hrs.</b>
<p>Credit Policy Decisions: Should Firms Extend Credit?; What Are the Credit Terms?"  Payment Timing; Form of Payment; Discounts and Penalties  Determining Credit Terms for Specific Customers: Gather Information; Analysis of Credit  Information; Character; Capacity; Capital; Collateral and Conditions  Financing Related to Accounts Receivables  Monitoring Accounts Receivables: Aging Schedule; Average Collection Period; Receivables  Balance Pattern</p>	
<b>Managing Accounts Payable Accruals</b>	<b>3 hrs.</b>
<p>Accounts Payable Decisions: Terms of Payables; Payables Options; Cost of Stretching Payables  Accounts Payable as a Source of Short-Term Financing  Accrued Expenses: Benefits and Costs of Accrued Expenses; Effects on Liquidity</p>	
<b>Managing and Financing Inventories</b>	<b>4 hrs.</b>
<p>The Functions and Types of Inventories: Motives for Hoarding Inventories; Transaction  Motives; Precautionary Motives; and Speculative Motives  Approaches to Managing Inventories: Inventory Cost Trade Off Approach; Present Value Approach;  Economic Order Quantity; Just-in-Time Approach</p>	

**Forecasting Cashflow**

3 hrs.

Approaches to Forecasting Net Cashflow: Pro forma Balance Sheets; Net Earnings;  
Cashflow Statements; Cash Budgets  
Application of Cash Forecasting Tools: Moving Average; Exponential Smoothing;  
Time Series; Box-Jenkins Model; Regression Model

**IV. Evaluation Methods**

The final grade in the class will be determined by a weighted average of course assignments:

Written Analysis of Assigned Cases	20%
Developing a S-T Financial Model for a Corporation Using the Spreadsheet	10%
Mid-Term Exam	20%
Homework and Class Participation	10%
Final Exam	<u>40%</u> 100%

A	=	90 – 100%
B	=	80 – 89%
C	=	70 – 79%
D	=	60 – 69%
F	=	Below 60%

**V. Required Textbook**

Short-Term Financial Management: Text and Cases; Hill, Ned C. and William L. Satoris, 4<sup>th</sup> Ed., Prentice Hall, 1999.

Supplemental Reading: *Wall Street Journal*

Spreadsheet Software

**VI. Special Resource Requirements**

Other than the required text, no additional resources are required of the student.

**VII. Bibliography**

Hill, Ned, C. and William L. Satoris, Short-Term Financial Management – Text and Cases; 4<sup>th</sup> Ed., Englewood Cliffs: Prentice Hall, 1999.

Maness, Terry S. and John Zietlow, Short-Term Financial Management – Text, Cases, and Readings, St. Paul: West Publishing, 1993.

Vander, Weide and Steve F. Maier, Managing Corporate Liquidity – An Introduction to Working Capital Management, New York: Wiley, 1985.

Smith, Keith V., Readings on the Management of Working Capital, 2<sup>nd</sup> Ed., St. Paul: West Publishing, 1980.

Cook, Timothy Q. and Bruce J. Summers (eds), Instruments of the Money Markets, 6<sup>th</sup> Ed., Richmond, VA: The Federal Reserve Bank of Richmond, 1986.

Gentry, James A., State of the Art of Short-Term Financial Management, Financial Management (Summer, 1988), pp. 41-57.

Napoli, Michael J., Float Reduction Along the Cash Flow Timeline, Journal of Cash Management (July, 1984), pp. 44-47.

Summer, Bruce J., The Evolution of the Payments System and the Role of the Federal Reserve, Journal of Cash Management (October/November, 1990), p. 23-26.

Gamble, Richard H., Keep Cash Management Links, Corporate Cashflow Magazine (March, 1992), pp. 25-27.

Emery, Gary W., Measuring Short-Term Liquidity, Journal of Cash Management (July/August, 1984), pp. 25-32.

Gentry, James A., R. Vaidy Anathan, and Hei W. Lee, A Weighted Cash Conversion Cycle, Financial Management (Spring, 1990), pp. 90-99.

## Course Analysis Questionnaire

### A: Details of the Course

- A1. How does this course fit into the programs of the department? For what students in the course designed? (majors, students in other majors, liberal studies).**

This course will be a major elective for finance majors and a free elective for other business majors and interested students.

- A2. Does this course require changes in the content of existing courses or requirements for a program? If catalog descriptions of other courses or department programs must be changed as a result of the adoption of this course, please submit as separate proposals all other changes in courses and/or program requirements.**

This course does not require changes in the content of any existing courses.

- A3. Has this course ever been offered at IUP on a trial basis (e.g., as a special topic)? If so, explain the details of the offering.**

No. This course has never been offered at IUP.

- A4. Is this course to be a dual-level course? If so, what is the approval status at the graduate level?**

No. This course is not a dual-level course.

- A5. If this course may be taken for variable credit, what criteria will be used to relate the credits to the learning experience of each student? Who will make this determination and by what procedures?**

This course is not taken for variable credit.

- A6. Do other higher education institutions currently offer this course? If so, please list examples.**

Yes. Such as: Universities of Utah, Florida, and Pittsburgh

- A7. Is the content, or are the skills, of the proposed course recommended or required by a professional society, accrediting authority, law, or other external agency? If so, please provide documentation. Explain why this content or these skills cannot be incorporated into an existing course.**

No.

### B: Interdisciplinary Implications

- B1. Will this course be taught by one instructor or will there be team teaching? If the latter, explain the teaching plan and its rationale.**

This course will be taught by one instructor.

- B2. What is the relationship between the content of this course and the content of courses offered by other departments? Summarize your discussions (with other departments) concerning the proposed changes and indicate how many conflicts have been resolved. Please attach relevant memoranda from these departments which clarify their attitudes toward the proposed change(s).**

There is no relationship between the content of this course and any other course offered by other departments.

- B3. Will seats in this course be made available to students in the School of Continuing Education?**

Yes. Seats can be made available to students in the School of Continuing Education.

**C: Implementation**

- C1. Are faculty resources adequate? If you are not requesting or have not been authorized to hire additional faculty, demonstrate how course will fit into the schedules of current faculty. What will be taught less frequently or in fewer sections to make this possible?**

Yes. Faculty resources are adequate. There is no need to hire additional faculty.

- C2. What other resources will be needed to teach this course and how adequate are the current resources? If not adequate, what plans exist for achieving adequacy? Reply in terms of the following:**

No additional or other resources will be needed.

- C3. Are any of the resources for this course funded by a grant? If so, what provisions have been made to continue support for this course once the grant has expired? (Attach letters of support from Dean, Provost, etc.)**

No. There is no grant funding for this course.

- C4. How frequently do you expect this course to be offered? Is this course particularly designed for or restricted to certain seasonal semesters?**

Once every year.

- C5. How many sections of this course do you anticipate offering in any single semester?**

One section every year.

- C6. How many students do you plan to accommodate in a section of this course? Is this planned number limited by the availability of any resources? Explain.**

40 students. This number is limited by classroom capacity.

- C7. Does any professional society recommend enrollment limits or parameters for a course of this nature? If they do, please quote from the appropriate documents.**

No.

**D: Miscellaneous**

According to the attached survey, appearing in "Financial Practice and Education," this course was recommended as a required course by 81% of employers surveyed and as an elective by 15% of those surveyed, earning it the highest ranking of any course.