



A POLYTECHNIC INSTITUTION

School of Business

Program: Financial Management

Option: Accounting

**FMGT 3510**  
**Finance 1**

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<b>Start Date:</b>	September, 2004	<b>End Date:</b>	December, 2004
<b>Total Hours:</b>	56	<b>Total Weeks:</b>	14
<b>Hours/Week:</b>	4	<b>Lecture:</b>	2
		<b>Lab:</b>	2
<b>Prerequisites</b>	<b>FMGT 3510 is a Prerequisite for:</b>		
<b>Course No.</b>	<b>Course Name</b>	<b>Course No.</b>	<b>Course Name</b>
1st Year Business — BCIT		FMGT 4510	Finance 2

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**■ Course Description (required)**

The purpose of the course is to give the student an understanding of the role finance plays in business and industry.

Corporate finance is a tool that helps managers maximize the financial performance of a company for the long-term benefit of its shareholders. In this course students learn how firms can efficiently allocate their resources and how they can raise funds to pay for those resources on as favourable terms as possible.

**■ Detailed Course Description (optional)****■ Evaluation**

Final Exam	50%
Mid-Term	40%
Projects/Assignments *	10%
<b>TOTAL</b>	<b>100%</b>

\* See Assignment Details, page 3.

**■ Course Learning Outcomes/Competencies**

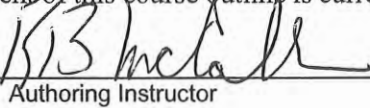
Upon successful completion, the student will be able to:

- appreciate the role corporate finance plays in enabling a firm to survive in an environment of accelerating change and competition.
- determine the effect of the financial environment on the corporation, i.e., the effects of taxation, form of organization, interest rates, inflation and the state of capital markets.
- perform time value of money calculations.
- compute the effect of risk and return on the cost of capital and the value of the firm.
- determine a firm's optimal mixture of working capital, i.e., cash, receivables, inventory and short-term debt.

■ Verification

I verify that the content of this course outline is current.

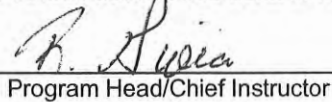
Rick McCallum

  
Authoring Instructor

July 2, 2004  
Date

I verify that this course outline has been reviewed.

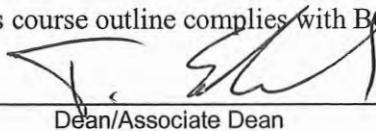
Ralph Gioia

  
Program Head/Chief Instructor

July 3, 2004  
Date

I verify that this course outline complies with BCIT policy.

Tim Edwards

  
Dean/Associate Dean

July 5, 2004  
Date

Note: Should changes be required to the content of this course outline, students will be given reasonable notice.

## ■ Instructor(s)

R.B. McCallum, B.Eng, M.B.A., CMA, CFP	Office Location: SE6-381 Office Hrs.: To be announced	Office Phone: 604-456-8171 E-mail Address: rick_mccallum@bcit.ca
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## ■ Learning Resources

### *Required:*

*Fundamentals of Corporate Finance*, Fifth Canadian Edition, by Stephen Ross, Randolph Westerfield, Bradford Jordan and Gordon Roberts.  
ISBN 0-07-091659-4, McGraw-Hill Ryerson Publishers.

Financial calculator (Sharp EL-733A is recommended).

### *Recommended:*

Study Guide to accompany the above text is **not compulsory BUT may be useful**.

## ■ Information for Students

**Assignments:** Late assignments, lab reports or projects will **not** be accepted for marking. Assignments must be done on an individual basis unless otherwise specified by the instructor.

**Makeup Tests, Exams or Quizzes:** There will be **no** makeup tests, exams or quizzes. If you miss a test, exam or quiz, you will receive zero marks. Exceptions may be made for **documented** medical reasons or extenuating circumstances. In such a case, it is the responsibility of the student to inform the instructor **immediately**.

**Ethics:** BCIT assumes that all students attending the Institute will follow a high standard of ethics. Incidents of cheating or plagiarism may, therefore, result in a grade of zero for the assignment, quiz, test, exam, or project for all parties involved and/or expulsion from the course.

**Attendance:** The attendance policy as outlined in the current BCIT Calendar will be enforced. Attendance may be taken at the beginning of each session. Students not present at that time will be recorded as absent.

**Illness:** A doctor's note is required for any illness causing you to miss assignments, quizzes, tests, projects, or exams. At the discretion of the instructor, you may complete the work missed or have the work prorated.

**Attempts:** Students must successfully complete a course within a maximum of three attempts at the course. Students with two attempts in a single course will be allowed to repeat the course only upon special written permission from the Associate Dean. Students who have not successfully completed a course within three attempts will not be eligible to graduate from the appropriate program.

**Course Outline Changes:** The material or schedule specified in this course outline may be changed by the instructor. If changes are required, they will be announced in class.

1. This course outline may assist you in the future to receive credit for all or part of a course from another post-secondary institution or from a professional program. It is strongly recommended that you keep this outline in a safe place for future reference.
2. In order to write exams, students will be required to produce photo-identification at examination centers.

## ■ Assignment Details

Problems will be assigned weekly and these will be weighted 10 percent toward the final mark in the course. The student may elect not to do these in which case the course mark will be based entirely on exams.

Please note that the marks from the assignments cannot be weighted to result in a final mark which is higher than the highest mark achieved on either exam.

### Schedule

Week Number	Outcome/Material Covered
1	<b>Chapter 1:</b> Introduction to Corporate Finance Goals, Financial Markets, Seven Key Ideas of Financial Management
2	<b>Chapter 2:</b> Financial Statements, Taxes and Cash Flows
3	<b>Chapter 18:</b> Short-Term Finance and Planning Optimizing Current Asset and Current Liability Levels, Cash Budgeting, Short-term Borrowing
4	<b>Chapter 19 and Appendix 19A:</b> Cash and Liquidity Management Optimizing Cash Balances and Collections, Investing Idle Cash
5	<b>Chapter 20:</b> Credit and Inventory Management Analyzing, Setting and Monitoring Credit and Inventory Policy,
6	<b>Chapter 5:</b> Introduction to Valuation: The Time Value of Money Performing Time Value of Money Computations
7	<b>MIDTERM EXAM (40%)</b> on Chapters 1, 2, 18, 19, 20
8	<b>Chapter 6:</b> Discounted Cash Flow Valuation Further work on the time value of money
9	<b>Chapter 7:</b> Interest Rates and Bond Valuation Placing a Value on a Bond, Term Structure of Interest Rates
10	<b>Chapter 8:</b> Stock Valuation Placing a Value on a Share of Preferred or Common Stock
11	<b>Chapter 12:</b> Some Lessons from Capital Market History A Study of Historical Returns and Capital Market Efficiency
12	<b>Chapter 13:</b> Risk, Return and the Security Market Line Measuring Risk and Return; The Capital Asset Pricing Model
13	<b>Chapter 14:</b> Cost of Capital ?? Computation of the Cost of Debt, Preferred, and Common Equity Funds; Combining these to get an Overall (Weighted Average) Cost of Capital
14	<b>FINAL EXAM (50%)</b> on previously covered material.

<b>Week Number</b>	<b>To be Handed in</b>	<b>To do in Labs</b>
1	<b>Nothing</b>	<b>Review of Accounting</b>
2	<b>Chapter 1:</b> nothing	<b>Chapter 1:</b> Concept Review Questions at end of chapter plus Handout Problems
3	<b>Chapter 2:</b> Problems 16, 23, 24, 32	<b>Chapter 2:</b> Problems 15, 20, 21, 22, 31, 34
4	<b>Chapter 18:</b> Problems 15, 16	<b>Chapter 18:</b> Problems: 14, 13, 17
5	<b>Chapter 19:</b> Problems 11, A2, A7	<b>Chapter 19:</b> Problems 6, 12, A4, A9
6	<b>Chapter 20:</b> Problems TBA	<b>Chapter 20:</b> Problems TBA
7	<b>No assignment</b>	<b>No Labs</b>
8	<b>Chapter 5:</b> Problems TBA	<b>Chapter 5:</b> Problems TBA
9	<b>Chapter 6:</b> Problems TBA	<b>Chapter 6:</b> Problems TBA
10	<b>Chapter 7:</b> Problems TBA	<b>Chapter 7:</b> Problems TBA
11	<b>Chapter 8:</b> Problems TBA	<b>Chapter 8:</b> Problems TBA
12	<b>Chapter 12:</b> Problems TBA	<b>Chapter 12:</b> Problems TBA
13	<b>Chapter 13:</b> Problems TBA	<b>Chapter 13:</b> Problems TBA
14	<b>Chapter 14 ??</b>	<b>Chapter 14 ??</b>