



A POLYTECHNIC INSTITUTION
School of Business
Program: Financial Management
Option: Finance

FMGT 3510
Finance 1

Start Date:	September 2004	End Date:	December 2004
Total Hours:	56	Total Weeks:	14
Hours/Week:	4	Lecture:	2
		Lab:	2
		Term/Level:	3
		Course Credits:	4

Prerequisites

1st year BCIT business courses

• Course Description

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.

• Evaluation

Mid-term	45%
Final examination	45%
Quizzes (4)	10%
Total	<u>100%</u>

• Course Learning Outcomes/Competencies

Upon successful completion, the student will be able to:

- Understand the conceptual framework of corporate finance and the role of the financial manager in maximizing the value of the firm. Appreciate the role corporate finance plays in enabling a firm to survive in an environment of accelerating change and competition.
- Understand the role and basic structure of the Canadian financial system.
- Understand the nature of interest rates and the relationships between interest rates, inflation, risk and foreign exchange rates.
- Understand the impact that short-term financial management policy has on the value of a firm. Measure a firm's level of liquidity by determining its cash conversion cycle. Determine a firm's optimal mix of working capital, i.e. cash, receivables, inventory and short-term debt.
- Compute the time value of money and be able to apply these techniques to solve various financial problems.
- Determine the value and yields of corporate bonds and stocks. Understand the relationship between market interest rates and bond prices. Understand how actual and expected rates of return are measured and their relevance to financial management.

- Understand how risk is measured and the relationship between risk and required rates of return. Determine required rates of return using the capital asset pricing model (CAPM). Understand the strengths and weakness of the CAPM and be aware of the alternatives to the CAPM. Determine expected portfolio returns given different levels of diversification.
- Calculate a firm's weighted average cost of capital.

• Verification

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

J. Terry Gordon

Authoring Instructor

Date

I verify that this course outline has been reviewed.

J. Terry Gordon

Program Head/Chief Instructor

Date

I verify that this course outline complies with BCIT policy.

Tim Edwards

Dean/Associate Dean

Date

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

• Instructor

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Instructor web page: http://www.business.bcit.ca/contact/terry_gordon.shtml

• Learning Resources

Required:

Fundamentals of Corporate Finance, Fifth Canadian Edition by Ross, Westerfield, Jordan and Roberts.
ISBN 0-07-91659-4, McGraw-Hill Ryerson

Financial calculator (Sharp EL-733A is **highly recommended**)

Recommended:

Publisher's online learning centre: <http://www.mcgrawhill.ca/college/ross>

Access to a daily or weekly financial newspaper (e.g. *National Post*, *Globe and Mail*, *The Economist*) will be useful as many of our discussions in the seminars will be focused on current events in the world of finance.

Internet access for research purposes and to access the course web site.

• Information for Students

Self Study Problems: Suggested self-study problems will be assigned throughout the term. This homework will not be collected or marked, but it is essential that you work through the problems in order to understand the material and perform well on the exams. Time permitting we will take up most of these problems during the labs. For your own sake, please resist the temptation to simply look at solutions without having worked through the problems yourself.

Quizzes: A number of short quizzes will be given over the term during the lab periods. I will "throw out" your worst quiz in determining your quiz mark for the term.

Course web site: I maintain a course web site, which is used for the dissemination of course news, lecture outlines and other resource material. Students are encouraged to download and print the applicable lecture outlines prior to each lecture and to check the site regularly (at least weekly) for news and announcements.

Makeup Tests, Exams or Quizzes: There will be **no** makeup 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 other extenuating circumstances. In such a case, it is the responsibility of the student to inform the instructor **as soon as possible**.

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 will be taken at the beginning of each lab session. Students not present at that time will be recorded as absent.

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 instructor may change the material or schedule specified in this course outline. If changes are required, they will be announced in class.

• Course Schedule

Week of:	Lecture Topic	Pre-read	Self study problems	Quiz
Sept. 6	Course orientation and introduction. Chapter 1: Introduction to Corporate Finance	Chapters 1 & 2	TBA	
Sept. 13	Chapter 1 (continued) Chapter 2: Financial Statements, Taxes and Cash Flow	Chapter 18		
Sept. 20	Chapter 2 (continued) Chapter 18: Short-term Finance and Planning	Chapter 19		
Sept. 27	Chapter 19: Cash and Liquidity Management	Chapter 20		Chap. 1 & 2
Oct 4	Chapter 20 Credit and Inventory Management	Chapters 5 & 6		
Oct. 11	Catch up and exam review	Exam review		Chap. 18 & 19
Oct. 18	MID-TERM EXAM (45%) Chapters 1, 2, 18, 19 & 20	None		
Oct. 25	Chapters 5 & 6: Review of Time value of Money	Chapters 7 & 8		
Nov. 1	Chapter 7 & 8: Valuation of Bonds and Stock	Chapters 12 & 13		
Nov. 8	Chapters 7 & 8: (Continued) Chapters 12 & 13: Risk and Return.	Chapter 14		Chap 5 & 6
Nov. 15	Chapters 12 & 13: (Continued) Chapter 14: Cost of Capital	Exam review		
Nov. 22	Chapter 14: (Continued).	Exam review		Chap. 7 & 8
Nov. 29	Catch up and exam review	Exam review		
Dec. 6	FINAL EXAM (45%) on Chapters 5, 6, 7, 8, 12, 13, & 14			