



A POLYTECHNIC INSTITUTION  
School of Business  
Program: Financial Management

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

**Start Date:** September 2007

**End Date:** December 2007

**Total Hours:** 60    **Total Weeks:** 15

**Term/Level:** 3    **Course Credits:** 4

**Hours/Week:** 4    **Lecture:** 2    **Lab:** 2

**Prerequisites**

1<sup>st</sup> year BCIT business courses

**FMGT 3510 is a Prerequisite for:**

Course No	Course Name
FMGT 4510	Finance 2

## • 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	<u>10%</u>
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 flow of cash through an enterprise and compute cash flow from assets, cash flow to creditors and cash flow to shareholders.
- Understand the importance of personal and corporate income taxes on financial management decisions. Be able to compute average and marginal tax 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.

- **Verification**

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

J. Terry Gordon

Terry Gordon  
Authoring Instructor

Sept. 3, 2007

Date

I verify that this course outline has been reviewed.

[Signature]  
Program Head/Chief Instructor

9/4/07

Date

I verify that this course outline complies with BCIT policy.

Tim Edwards

[Signature]  
Dean/Associate Dean

9/5/07

Date

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

- **Instructors**

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## • Learning Resources

### *Required:*

*Fundamentals of Corporate Finance, Sixth Canadian Edition* by Ross, Westerfield, Jordan and Roberts.  
ISBN 10: 0-07-095910-2, McGraw-Hill Ryerson

Financial calculator (Texas Instruments BA II Plus is **highly recommended**)

### *Recommended:*

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

## • Information for Students

**Self Study & Lab Problems:** Suggested self-study problems will be assigned throughout the term (see Course Schedule). 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 many 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. We will "throw out" your worst quiz in determining your quiz mark for the term. The quiz schedule will be announced shortly after the start of the term.

**Makeup Exams & Quizzes:** There will be **no** makeup exams or quizzes. If you miss an exam or quiz, you will receive zero marks. Exceptions may be made for **documented** medical reasons or other extenuating circumstances. In such cases, 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 (see <http://www.bcit.ca/files/pdf/policies/5002.pdf>). 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	Self Study & Lab Problems
Sept. 3	Course orientation and introduction.	Time Value of Money Handout
Sept. 10	<b>Chapter 1:</b> Introduction to Corporate Finance	Complete TVM Handout Chapter 1 Concept Review & Critical Thinking Questions ("CRCTQ")
Sept. 17	<b>Chapter 2:</b> Financial Statements, Taxes and Cash Flow	Chapter 2 CRCTQ; Chapter 2 Problems: 13, 14, 18, 19, 20, 21, 22, 26, 34 (for 34 assume taxpayer is a BC resident and use tax rates from the lecture notes)
Sept. 24	<b>Chapter 2 (continued)</b> <b>Chapter 18:</b> Short-term Finance and Planning	Complete Chapter 2 Problems Chapter 18 Problems: 6, 11, 12, 13, 18
Oct. 1	<b>Chapter 19:</b> Cash and Liquidity Management	Complete Chapter 18 Problems Chapter 19 Problems: 2, 3, 9, 10, A2, A5, A7 & A9
Oct. 8	<b>Chapter 20</b> Credit and Inventory Management	Complete Chapter 19 Problems Chapter 20 Problems: 5, 7, 12, 19 & Handout
Oct. 15	<b>Catch up and exam review</b>	Complete Chapter 20 Problems & Handout
Oct. 22	<b>MID-TERM EXAM (450%)</b> <b>Chapters 1, 2, 18, 19 &amp; 20</b>	None
Oct. 29	<b>Chapters 5 &amp; 6:</b> Review of Time value of Money	Debrief mid-term exam; Chapter 5 Problems: 15, 16, 17, 18, 20
Nov. 5	<b>Chapter 7</b> Valuation of Bonds	Chapter 6 Problems: 4, 12, 14, 27, 31, 32, 38, 49, 53, 55, 63, 65, 69
Nov. 12	<b>Chapter 8:</b> Valuation of Stock	Chapter 7 Problems: 6, 7, 8, 16, 19, 24, 28 Chapter 8 Problems: 1, 2, 6, 10, 12, 13, 15, 17, 19, 21
Nov. 19	<b>Chapters 12 &amp; 13:</b> Risk and Return	Complete Chapter 8 Problems Chapter 12 Problems: 1, 2, 3, 4, 5, 6, 9, 11, 12, 15, 18, 19
Nov. 26	<b>Chapters 12 &amp; 13 (continued)</b>	Complete Chapter 12 Problems Chapter 13 Problems 6, 7, 10 (a), 12, 14, 15, 16, 19, 20, 21
Dec. 3	<b>Catch up and exam review</b>	Complete Chapter 13 Problems
Dec. 10	<b>FINAL EXAM (45%) on Chapters 5, 6, 7, 8, 12 &amp; 13,</b>	None