



A POLYTECHNIC INSTITUTION

School of Business

Program: International Trade and Transportation

FMGT 3550
Business Finance 1**Start Date:** September 2007**End Date:** December 2007**Total Hours:** 45 **Total Weeks:** 15**Term/Level:** 3 **Course Credits:** 3**Hours/Week:** 3 **Lecture:** 1 **Lab:** 2**Shop:** **Seminar:** **Other:****Prerequisites****FMGT 3550 is a Prerequisite for:****Course No.** **Course Name****Course No.** **Course Name**

FMGT 2100 Accounting 2

FMGT 4550 Business 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

Midterm	40%
Final Examination	40%
Assignments/Quizzes/Participation	20%
TOTAL	100%

Course Learning Outcomes/Competencies

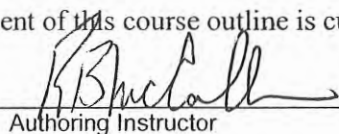
Upon successful completion, the student will be able to:

- 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 relationship between accounting and finance and the uses and limitations of financial statements. Demonstrate an ability to prepare and analyze basic financial statements.
- Explain the importance of cash flow and the effect of corporate tax considerations on after-tax cash flow.
- 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.

Verification

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

Richard McCallum

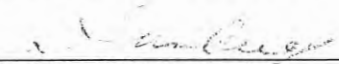

Authoring Instructor

June 12/07

Date

I verify that this course outline has been reviewed.

Stephen Turnbull

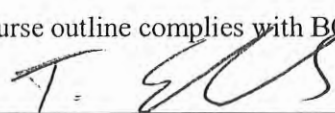

Program Head/Chief Instructor

June 13/07

Date

I verify that this course outline complies with BCIT policy.

Tim Edwards


Dean/Associate Dean

June 13/07

Date

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

Instructor

Richard McCallum, B. Eng., MBA, CMA, CFP

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Learning Resources

Required:

Foundations of Financial Management, 7th Canadian Edition. By Stanley Block, Geoffrey Hirt and Douglas Short, ISBN 007092679-4, McGraw-Hill Ryerson, 2005.

Financial calculator (Sharp EL-738 or BA II plus is **highly recommended**)

Recommended:

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

Information for Students

Lab Problems: Lab problems will be assigned throughout the term. This homework will not be collected for marking, 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 copy down solutions without having worked through the problems yourself.

Quizzes: A short quiz will be given at the end of the lab each week based on the problems covered in the lab that week. These weekly quizzes will make up the 20% assignment/quiz mark. You may elect to disregard one of the quiz marks over the term to allow for a missed lab or poor performance on a quiz.

Makeup Exams: There will be **no** makeup tests, exams or quizzes. If you miss a test, exam or quiz, you will receive zero marks with the exception of the one mark which may be disregarded (see **Quizzes** above). Exceptions may be made for **documented** medical reasons or extenuating circumstances. In such a case, it is the responsibility students to inform the instructor of their situation **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.

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

Course Schedule

Week of	Outcome/Material Covered	Reference/ Reading
Sept. 3	Introduction to Corporate Finance <ul style="list-style-type: none"> What is Corporate Finance Goals of Financial Management Financial Institutions, Financial Markets and the Corporation 	Chapter 1
Sept. 10	Review of Accounting <ul style="list-style-type: none"> Income Statement and Balance Sheet Cash Flow Taxes and Capital Cost Allowance 	Chapter 2
Sept. 17	Financial Analysis <ul style="list-style-type: none"> Ratio Analysis Use of Ratios to Analyze a Firm 	Chapter 3
Sept. 24	Financial Forecasting <ul style="list-style-type: none"> Pro Forma Income Statement Balance Sheet and Cash Budget 	Chapter 4
Oct. 1	Operating and Financial Leverage <ul style="list-style-type: none"> Break-even Analysis 	Chapter 5
Oct. 8	Catch-up and exam review	
Oct. 15	Midterm Exam on - Chapters 1, 2, 3, 4 & 5	
Oct. 22 & Oct. 29	Working Capital Management <ul style="list-style-type: none"> Financing Decision Cash Management Inventory Control Management of Accounts Receivable 	Chapters 6 & 7
Nov. 5	Sources of Short-Term Financing <ul style="list-style-type: none"> Use of Bank Financing, Commercial Paper, EuroDollars and Hedging 	Chapter 8
Nov. 12	Time Value of Money Review	Chapter 9
Nov. 19 & 26	Valuation and Rates of Return <ul style="list-style-type: none"> Valuing Bonds, Preferred Stock and Common Stock 	Chapter 10
Dec. 3	Catch-up and exam review	
Dec. 10	Final Examination – Chapters 6, 7, 8, 9 & 10	