



A POLYTECHNIC INSTITUTION

School of Business

Program: International Trade and Transportation

**FMGT 3550**  
**Business Finance 1****Start Date:** September 2005**End Date:** December 2005**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	45%
Final Examination	45%
Assignments/Quizzes/Participation	10%
<b>TOTAL</b>	<b>100%</b>

**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.

J. Terry Gordon

Authoring Instructor

Date

I verify that this course outline has been reviewed.

Stephen Turnbull

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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## 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-733A 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 I will spot-check your work in the labs to see if you have attempted these problems. 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 number of short quizzes will be given over the term during the lab periods. These quizzes maybe given without notice (i.e. "pop" quizzes) and therefore students should come prepared to the labs.

**Makeup Exams:** 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 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. Attendance will be taken at the beginning of each lab. 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 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. 5	Introduction to Corporate Finance <ul style="list-style-type: none"> <li>What is Corporate Finance</li> <li>Goals of Financial Management</li> <li>Financial Institutions, Financial Markets and the Corporation</li> </ul>	Chapter 1
Sept. 12	Review of Accounting <ul style="list-style-type: none"> <li>Income Statement and Balance Sheet</li> <li>Cash Flow</li> <li>Taxes and Capital Cost Allowance</li> </ul>	Chapter 2
Sept. 19	Financial Analysis <ul style="list-style-type: none"> <li>Ratio Analysis</li> <li>Use of Ratios to Analyze a Firm</li> </ul>	Chapter 3
Sept. 26	Financial Forecasting <ul style="list-style-type: none"> <li>Pro Forma Income Statement</li> <li>Balance Sheet and Cash Budget</li> </ul>	Chapter 4
Oct. 3	Operating and Financial Leverage <ul style="list-style-type: none"> <li>Break-even Analysis</li> </ul>	Chapter 5
Oct. 10	<b>Catch-up and exam review</b>	
Oct. 17	<b>Midterm Exam on - Chapters 1, 2, 3, 4 &amp; 5</b>	
Oct. 24 & Oct. 31	Working Capital Management <ul style="list-style-type: none"> <li>Financing Decision</li> <li>Cash Management</li> <li>Inventory Control</li> <li>Management of Accounts Receivable</li> </ul>	Chapters 6 & 7
Nov. 7	Sources of Short-Term Financing <ul style="list-style-type: none"> <li>Use of Bank Financing, Commercial Paper, EuroDollars and Hedging</li> </ul>	Chapter 8
Nov. 14	Time Value of Money Review	Chapter 9
Nov. 21 & 28	Valuation and Rates of Return <ul style="list-style-type: none"> <li>Valuing Bonds, Preferred Stock and Common Stock</li> </ul>	Chapter 10
Dec. 5	<b>Catch-up and exam review</b>	
Dec. 12	<b>Final Examination – Chapters 6, 7, 8, 9 &amp; 10</b>	