



A POLYTECHNIC INSTITUTION

School of Business

Program: Financial Management

Option: Accounting Degree

**FMGT 7510  
Advanced Finance**

**Start Date:** September 2004

**End Date:** December, 2004

**Total Hours:** 45    **Total Weeks:** 15

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

**Hours/Week:** 3    **Lecture:** 3    **Lab:** 0

**Shop:**                    **Seminar:**                    **Other:**

**Prerequisites**

**FMGT 7510 is a Prerequisite for:**

**Course No.**    **Course Name**

**Course No.**    **Course Name**

FMGT 4510    Finance 2

FMGT 8910    Integrative Business Management  
Practices

v **Course Description**

This course stresses the application of financial strategies and techniques to the financing challenges commonly faced by business enterprises and formulate solutions to those challenges. Using a predominately private corporation, case based approach, students will be introduced to various areas of business operations which drive financing requirements or which may exacerbate financial challenges and then examine means of satisfying those requirements or modifying operations to minimize financial challenges.

v **Detailed Course Description**

The nature of this course is to apply a variety of financial concepts (originally introduced in Finance 1 and 2) in a more applied setting. Although the theory behind these concepts may be reviewed in class, students are expected to already have a reasonable understanding of the materials. Those wishing to review any financial concepts which may be applied here are encouraged to use one of the finance texts, referenced in the "Learning Resources – Recommended" section of this outline. In addition, handouts will be provided to expand or provide additional illustration to the concepts to be discussed. The handouts will be related to the cases and will be used to add richness to the concepts and cases covered.

v **Evaluation**

Mid Term Exam	20%
Final Exam	30%
Case Studies	30%
Written Case and Presentation	20%
<b>TOTAL</b>	<b>100%</b>

Comments: The mid term and final will be case based. **Marks for "Case Studies" will be based on preparation of a weekly case study assignment and full discussion of the case in class. Students will be asked each week, on a random basis, to submit their case analysis. (Please read the "In class case studies" section for additional explanation.)** In the second half of the course, small groups will be assigned one case to formally prepare and hand in, as well present to the class.

v **In-Class Cases Studies**

As this is primarily a case based course, it would be logical to utilize our time investigating and analyzing various finance issues in a case format throughout the course. And since significant time will be spent doing this, it would also be logical that a significant mark be allocated towards this activity.

Below are some of the criteria used in assigning the in-class case marks:

- Preparation. Each week I will randomly ask 3 – 5 students to submit a copy of their case analysis for my review. Since it will be by random, do not assume because you turned a case in week 2 you won't be asked to submit cases in week 3 or 4. You do not have to prepare each case in a formal way—just make it so it is readable by me. Also, your 'answers' don't have to be all correct. I do wish to see thought go into analysis and preparation though. Since preparing cases is fundamental to this course, significant marks will be deducted if nothing is turn in, or if an honest effort is not made.
- Attendance. Attendance will be taken at the beginning of each class throughout the course. Again, since the nature of this course is discussing cases, absences will materially affect what you can achieve from the course (and thus will adversely affect your mark). Please try to be on time, as coming in late can disrupt both the Instructor and your fellow classmates.
- Discussion. The success of a case based course is student input, analysis and discussion. Everyone has something valuable to contribute, their own perspective and or experiences to share. Thus, marks will be given to those who come prepared to discuss the case and offer their ideas and insights to the case. Note that while I encourage all to ask questions and seek clarification when required, I do not consider this input into the case discussion process.

v **Course Learning Outcomes/Competencies**

Upon successful completion, the student will be able to:

- Identify unique financing issues and challenges small business managers face.
- Understand the impact financial decisions may have on other aspects of the business.
- Analyze the various short term financing options available as well as determine benefits and cost of each.
- Utilize conceptual frameworks for evaluating new projects.
- Discuss various methods and criteria employed in valuing and assessing start up ventures.

v **Verification**

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

Jerome Gessaroli, BA, MBA

December 10, 2003

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Authoring Instructor

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Date

I verify that this course outline has been reviewed.

Allan Cobbett, Dipl.T, LL.B., MBA, CMA

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Program Head/Chief Instructor

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Date

I verify that this course outline complies with BCIT policy.

Tim Edwards, Dipl.T., MBA, CMA

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Dean/Associate Dean

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Date

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

v **Instructor(s)**

Jerome Gessaroli

Office Location: SE6 319  
Office Hrs.: As Posted

Office Phone: 604-431-4923  
E-mail Address: jerome\_gessaroli@bcit.ca

v **Learning Resources**

*Required:*

Case study pack available at BCIT bookstore, and  
Articles in course outline schedule

*Recommended:*

Davis and Pinches. Canadian Financial Management, 4<sup>th</sup> edition, Addison Wesley Longman, 2002.

or

Ross, Westerfield, Jordon, Roberts, Fundamentals of Corporate Finance, 5<sup>th</sup> Cdn ed. McGraw Hill Ryerson, 2005

v **Information for Students**

**I.D. Required In Exam Halls:** Effective December 2000, students will be required to produce photo-identification for admittance to examination halls. Photo I.D. must be placed on the desk while writing the exam, for inspection by invigilators. Students should bring a BCIT OneCard or alternatively two pieces of identification, one of which must be government photo I.D. such as a drivers license. Please see BCIT Policy #5300, Formal Invigilation Procedures.

**Attendance:** If a student is absent for any cause, other than illness (Dr's note may be required); for more than 10% of the time prescribed for the course, the student may be prohibited from completing the course. Please see BCIT Policy #5201, Attendance.

**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.

**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 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.

**Lecture Notes and Other Information:** Lecture notes will be available through the share out directory under the FMGT7510 folder. Notes will be posted in advance of the lecture. The notes **DO NOT** replace attendance at lectures. They are meant to be a complement to lectures. There may also be, from time to time, other information sources on the share out directory that will be required reading.

## Schedule

Week of/ Number	Material Covered	Pre Reading	Assignments Due
1	<ul style="list-style-type: none"> <li>▪ Introduction and Course Orientation</li> <li>▪ Finance Pre-Test</li> <li>▪ Cash Budgets</li> </ul>	Readings: <ul style="list-style-type: none"> <li>▪ Welsh, J. and White, J. "A small business is not a little big business", <u>Harvard Business Review</u>, Jul/Aug 1981.</li> <li>▪ Levin, R. and Travis V. "Small company finance: what the books don't say", <u>HBR</u>, Nov/Dec 1987.</li> </ul>	
2	<ul style="list-style-type: none"> <li>▪ Cash budgeting case</li> <li>▪ Readings</li> <li>▪ Loans</li> </ul>	Readings: <ul style="list-style-type: none"> <li>▪ Arnold, J. "How to negotiate a term loan", <u>HBR</u>, Mar/Apr 1982.</li> <li>▪ "Note on Bank Loans", Harvard Business School, Oct. 29, 1993.</li> </ul>	Case – Palmer Limited
3	<ul style="list-style-type: none"> <li>▪ Loan evaluation case</li> <li>▪ Readings</li> <li>▪ Working capital &amp; financing review</li> </ul>	Reading: <ul style="list-style-type: none"> <li>▪ Viscone, J. "How long should you borrow short term?" <u>HBR</u>, Mar/Apr, 1986.</li> </ul>	Case – Clarkson Lumber Company
4	<ul style="list-style-type: none"> <li>▪ Working capital policy and financing case</li> <li>▪ Readings</li> <li>▪ Credit policy</li> </ul>	Reading: <ul style="list-style-type: none"> <li>▪ Wilson, N. &amp; Summers, B. "Trade Credit Terms Offered by Small Firms: Survey Evidence and Empirical Analysis", <u>Journal of Business Finance &amp; Accounting</u>, Vol. 29, Ap/My 2002, pp. 317 – 329, 348, 349.</li> </ul>	Case – Sophisticated Petites
5	<ul style="list-style-type: none"> <li>▪ Working capital and credit policy case</li> <li>▪ Readings</li> <li>▪ Collections for small business</li> </ul>	Readings: <ul style="list-style-type: none"> <li>▪ Borowski, M. &amp; Bogin, M. "Factoring for future success: How invoice discounting can...", <u>CMA Management</u>, Vol.76 Oct.,2002, pp. 12 -13.</li> <li>▪ D&amp;B Credit Check Report <a href="http://www.dnb.ca/products/credcheck.html">http://www.dnb.ca/products/credcheck.html</a> (click "see a sample")</li> </ul>	Case – TBA
6	<ul style="list-style-type: none"> <li>▪ Credit policy cont'd</li> <li>▪ Readings</li> <li>▪ Capital Budgeting review</li> </ul>		Case – SRI Office Products Inc.
7	<ul style="list-style-type: none"> <li>▪ <b>Mid Term Exam</b></li> </ul>	Readings: <ul style="list-style-type: none"> <li>▪ Block, S. "Capital Budgeting Techniques Used by Small Business Firms in the 1990s", <u>The Engineering Economist</u>, Summer 1997, Vol. 42, No.4</li> <li>▪ Handout: Brigham, E. "Fundamentals of Financial Management", 10e., 2004, pp.532,533</li> </ul>	

Week of/ Number	Material Covered	Pre Reading	Assignments Due
8	<ul style="list-style-type: none"> <li>▪ Cash flow estimation case</li> <li>▪ Readings</li> <li>▪ Business Plan</li> </ul>	Readings: <ul style="list-style-type: none"> <li>▪ Zider, B. "How Venture Capital Works" <u>HBR</u>, Nov/Dec 1998.</li> <li>▪ Note On Venture Capital</li> <li>▪ Stancill, J. "LBOs for Smaller Companies", <u>HBR</u>, Jan/Feb 1988.</li> </ul>	Case – Tree Values
9	<ul style="list-style-type: none"> <li>▪ Readings</li> <li>▪ Financing and valuing a new venture</li> <li>▪ FX Hedging Review</li> </ul>	Reading: <ul style="list-style-type: none"> <li>▪ McCann, J. &amp; Shade, D. "A Strategic Approach to Foreign Exchange", <u>TMA Journal</u>, Vol.17, Nov/Dec97.</li> </ul>	Case – Pearlman and Company
10	<ul style="list-style-type: none"> <li>▪ FX Hedging case</li> <li>▪ Readings</li> <li>▪ L/Cs &amp; Documentary Collections</li> </ul>	Reading: <a href="http://www.tdcommercialbanking.com/tradefinance/crash/crash.jsp">http://www.tdcommercialbanking.com/tradefinance/crash/crash.jsp</a>	Case – Advance Technologies Inc.
11	<ul style="list-style-type: none"> <li>▪ International finance case</li> <li>▪ Readings</li> <li>▪ Financial distress/failure</li> </ul>	Readings: <ul style="list-style-type: none"> <li>▪ Bryk, A. "The Ties that bond:...", <u>CA Magazine</u> Vol. 135, Oct, 2002, p.37,38</li> <li>▪ Sands, E. "Saving an Insolvent Company", <u>CGA Magazine</u>, Vol.39, Oct. 1997, pp. 30 – 36.</li> <li>▪ Staples, S. "Out of the red...", <u>Canadian Business</u>, Vol. 74, October, 2001, pp. 58 – 61.</li> </ul>	Case – Alfred Brooks Menswear Limited
12	<ul style="list-style-type: none"> <li>▪ Financial distress/failure case</li> <li>▪ Readings</li> </ul>		Case – The Gun Shoppe Inc.
13	<ul style="list-style-type: none"> <li>▪ Student presentations</li> </ul>		Student cases due
14	<ul style="list-style-type: none"> <li>▪ Student presentations (cont'd)</li> <li>▪ Course review</li> </ul>		
15	<b>Final Exam</b>		