



A POLYTECHNIC INSTITUTION

School of Business

Program: Financial Management

Option: Accounting Degree

**FMGT 7510
Advanced Finance****Start Date:** September 3, 2003**End Date:** December 9, 2003**Total Hours:** 45 **Total Weeks:** 15**Term/Level:** Deg **Course Credits:** 3**Hours/Week:** 3 **Lecture:** **Lab:****Shop:** **Seminar:** **Other:****Prerequisites****FMGT 7510 is a Prerequisite for:****Course No.** **Course Name****Course No.** **Course Name**

FMGT 4510 Finance II

v Course Description (required)

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 predominantly 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 (optional)

The nature of the course is to apply a variety of financial concepts (originally introduced in Finance I and II) 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%	Comments: The mid term and final will be case based. Students will be expected to have prepared an analysis of weekly case study assignments and to fully discuss them in class. In addition, small groups will be assigned 1 case to formally prepare and hand in, as well as present to the class.
Final Exam	20%	
Case Studies	40%	
Written Case and Presentation	20%	
TOTAL	100%	

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 costs 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

Authoring Instructor

Date

I verify that this course outline has been reviewed.

Allan Cobbett

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.

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 book store and
Articles in course outline schedule

Recommended:

Davis and Pinches. Canadian Financial Management, 4th edition, Addison Wesley Longman, 2002.

or

Block, Hirt, and Short. Foundations of Financial Management, 6th Cdn edition, McGraw-Hill Ryerson Ltd, 2003.

v Information for Students

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.

Attendance: The attendance policy as outlined in the current BCIT Calendar will be enforced. Attendance will be taken at the beginning of each session. 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 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 FMGT3222 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"> Introduction and Course Orientation Finance Pre-Test Cash Budgets 	Readings: <ul style="list-style-type: none"> Welsh, J. and White, J. "A small business is not a little big business", <u>Harvard Business Review</u>, Jul/Aug 1981. Levin, R. and Travis V. "Small company finance: what the books don't say", <u>HBR</u>, Nov/Dec 1987. 	
2	<ul style="list-style-type: none"> Review of finance pre-test Cash budgeting case Readings Loans 	Readings: <ul style="list-style-type: none"> Arnold, J. "How to negotiate a term loan", <u>HBR</u>, Mar/Apr 1982. "Note on Bank Loans", Harvard Business School, Oct. 29, 1993. 	Case – Palmer Limited
3	<ul style="list-style-type: none"> Loan evaluation case Readings Working capital & financing review 	Reading: Viscone, J. "How long should you borrow short term?" <u>HBR</u> , Mar/Apr, 1986.	Case – Clarkson Lumber Company
4	<ul style="list-style-type: none"> Working capital policy and financing case Readings Credit policy 	Reading: Wilson, N. & Summers, B. "Trade Credit Terms Offered by Small Firms: Survey Evidence and Empirical Analysis", <u>Journal of Business Finance & Accounting</u> , Vol. 29, Ap/My 2002, pp. 317 – 329, 348, 349.	Case – Chef's Selection
5	<ul style="list-style-type: none"> Working capital and credit policy case Readings Collections for small business 	Readings: <ul style="list-style-type: none"> Borowski, M. & Bogin, M. "Factoring for future success: How invoice discounting can...", <u>CMA Management</u>, Vol.76 Oct.,2002, pp. 12 -13. D&B Credit Check Report http://www.dnb.ca/products/credcheck.html (click "see a sample") 	Case – Mitchell Lumber Co.
6	<ul style="list-style-type: none"> Credit policy cont'd Readings Capital Budgeting review 		Case – SRI Office Products Inc.
7	<ul style="list-style-type: none"> Mid Term Exam 	Readings: <ul style="list-style-type: none"> Block, S. "Capital Budgeting Techniques Used by Small Business Firms in the 1990s" <u>Engineering Economist</u>, Summer 1997, Vol. 42, No.4 Handout: Brigham, E. "Fundamentals of Financial Management", 10e., 2004, pp.532,533 	
8	<ul style="list-style-type: none"> Cash flow estimation case 	Readings:	Case – Cranfield

Week of/ Number	Material Covered	Pre Reading	Assignments Due
	<ul style="list-style-type: none"> Readings Business Plan 	<ul style="list-style-type: none"> Zider, B. "How Venture Capital Works" <u>HBR</u>, Nov/Dec 1998. Note On Contents of a Term Sheet Cooper, J. "Beyond the banks. Angels, loans and merchant bankers..." <u>CMA Management</u>, Vol.76, Mar 2002, pp. 53-54 	Inc.
9	<ul style="list-style-type: none"> Readings Financing and valuing a new venture FX Hedging Review 	Reading: <ul style="list-style-type: none"> McCann, J. & Shade, D. "A Strategic Approach to Foreign Exchange", <u>TMA Journal</u>, Vol.17, Nov/Dec97. 	Case – Electro Technology Corporation
10	<ul style="list-style-type: none"> FX Hedging case Readings L/Cs & Documentary Collections 	Reading: http://www.tdcommercialbanking.com/tradefinance/crash/crash.jsp	Case – Advance Technologies Inc.
11	<ul style="list-style-type: none"> International finance case Readings Financial distress/failure 	Readings: <ul style="list-style-type: none"> Bryk, A. "The Ties that bond:...", <u>CA Magazine</u> Vol. 135, Oct, 2002, p.37,38 Sands, E. "Saving an Insolvent Company", <u>CGA Magazine</u>, Vol.39, Oct. 1997, pp. 30 – 36. Staples, S. "Out of the red...", <u>Canadian Business</u>, Vol. 74, Issue 18, Oct, 2001, pp. 58 – 61. 	Case – Alfred Brooks Menswear Limited
12	<ul style="list-style-type: none"> Financial distress/failure case Readings 		Case – The Gun Shoppe Inc.
13	<ul style="list-style-type: none"> Student presentations 		Student cases due
14	<ul style="list-style-type: none"> Student presentations (cont'd) Course review 		
15	Final Exam		