

SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

SAULT STE. MARIE, ONTARIO

COURSE OUTLINE

COURSE TITLE BUSINESS FINANCE

CODE NO. BUS206

PROGRAM BUSINESS

SEMESTER FOUR

DATE APRIL 1996

PREVIOUS OUTLINE DATED JANUARY 1995

AUTHOR PENNY O'HARE

NEW REVISIONS X

APPROVED

DEAN

DATE

I. COURSE DESCRIPTION: The special emphasis of this course deals with short and long-term decision making with respect to the assets, the level of working capital, the capital structure and the distribution of profits of a firm.

II. LEARNING OUTCOMES AND ELEMENTS OF THE PERFORMANCE:

A. Learning Outcomes:

1. Explain the role of financial management in achieving the objectives of the firm.
2. Make decisions with respect to the choice of financial securities that will lead to the long-term viability of a firm.
3. Analyze financial statements through the eyes of a creditor, investor or manager and be able to make useful decisions.
4. Develop working capital policies preparing pro-forma financial statements to assist decision making.
5. Evaluate capital budgeting proposals.
6. Describe sources of short-intermediate and long-term financing to gain familiarity with the decision-making aspects of analyzing sources of financing for the firm.

B. Learning Outcomes and Elements of the Performance:

Upon successful completion of this course, the student will be able to:

1. Explain the role of financial management in achieving the objectives of the firm.

Elements of the performance:

- describe the nature of finance.
- identify the fields of finance.
- compare and contrast maximization of profits versus maximization of wealth.
- detail the functions of financial management.

This learning outcome will constitute 5% of the course's grade.

2. Make decisions with respect to the choice of financial securities that will lead to the long-term viability of a firm.

Elements of the performance:

- define financial security.
- analyze debt versus equity securities.
- describe the characteristics of the three major financial securities.

- outline the internal and external factors that affect capital structure.
- choose the type of financing that is appropriate under various conditions.

This learning outcome will constitute 15% of the course's grade.

3. Analyze financial statements through the eyes of a creditor, investor or manager and be able to make useful decisions.

Elements of the performance:

- describe the strengths and weaknesses of various financial statements.
- calculate financial ratios and be able to interpret their results.
- perform break-even analysis and profit-volume analysis to assist in profit planning.
- understand the concept of leverage.

This learning outcome will constitute 20% of the course's grade.

4. Develop working capital policies preparing pro-forma financial statements to assist in decision making.

Elements of the performance:

- define working capital.
- explain the goals of working capital policies.
- describe the factors influencing how large a cash balance is required.
- prepare a cash flow forecast.
- explain the purposes of receivables.
- discuss the costs of maintaining receivables.
- describe the factors affecting the size of receivables.
- perform calculations necessary in forecasting.
- prepare pro-forma financial statements.
- make decisions regarding credit policies.
- discuss the risks and costs associated with inventories.
- calculate the optimum order quantities, reorder points and safety stock levels to manage inventory effectively.
- apply the concept of the time value of money in the management of working capital.

This learning outcome will constitute 20% of the course's grade.

5. Evaluate capital budgeting proposals.

Elements of the performance:

- define capital budgeting.
- calculate the present value of a series of cash flows.

- evaluate capital budget proposals through the calculation of the Payback Method, Net Present Value Method and Profitability Index.
- make decisions with regards to the selection of a project.

This learning outcome will constitute 20% of the course's grade.

6. Describe sources of short, intermediate and long-term financing to gain familiarity with the decision-making aspects of evaluating sources of financing for the firm.

Elements of the performance:

- compare and contrast sources of short-term financing.
- compare and contrast sources of intermediate financing.
- calculate the effective cost of long-term debt.
- analyze some lease-buy decisions.

This learning outcome will constitute 20 % of the course's grade.

III. REQUIRED RESOURCES/TEXTS/MATERIALS:

1. Financial Decision Making, 4th Edition by John Hampton

IV. EVALUATION PROCESS/GRADING SYSTEM

MAJOR ASSIGNMENTS AND TESTING

TIME FRAME

Business Finance (Bus206-4) involves four hours perweek for the entire semester. Students are expected to attend class and to participate in class activities.

METHOD OF ASSESSMENT (GRADING METHOD)

Students will be assessed on the basis of their assignments and tests.

The following letter grades will be assigned in accordance with The School of Business and Hospitality Guidelines:

A+	Consistently outstanding	(90% - 100%)
A	Outstanding achievement	(80% - 89%)
B	Consistently above average achievement	(70% - 79%)
C	Satisfactory or acceptable achievement	(60% - 69%)
R	Repeat - The student has not achieved the objectives of the course and the course must be repeated.	(Less than 60%)

CR Credit exemption

GRADING

Assigned projects will constitute 30% of the grade. Tests will constitute 70%.

V. SPECIAL NOTES:

Special Needs

If you are a student with special needs (eg. physical limitations, visual impairments, hearing impairments, learning disabilities), you are encouraged to discuss required accommodations with the instructor and/or contact the Special Needs Office, Room E1204, Ext. 493, 717, 491 so that support services can be arranged for you.