

✓ Sault College  
of Applied Arts and Technology  
sault ste. marie

Course Outline

FINANCE & INVESTMENTS I

BUSINESS 202-4

for: Hotel & Restaurant  
Management

revised <sup>1979</sup> January, 1978.

FINANCE & INVESTMENTS I  
Business 202-4

Text:

Case Problems in Finance--J.K. Butters, William E. Fruham Jr. and Thomas R. Piper, Irwin-Dorsey Ltd.

Reference Material:

Notes to Finance & Investments I for Hotel and Restaurant Management by A. Durnford.

Financial Post

Globe & Mail "Report on Business"

Financial News letters

Selected cases

Objectives:

To provide the student with an introductory understanding of:

1. How to analyse a financial case history.
2. Financial decision making.
3. Types of Business Organization.
4. Systems of Business Accounting and Mathematics of Finance.
5. Principles of Asset Management including:
  - (a) Working capital management
  - (b) Cash management
  - (c) Accounts receivable management
  - (d) Inventory Management
6. Personal Finance and the Principles of personal investing.
7. Current Financial events.

Student Goals:

The student will be expected to acquire the following skills and knowledge:

1. Ability to communicate verbally and in writing using the correct financial terminology.

2. Proficiency in the basic techniques of financial analysis.
3. Understanding of Business Organization, Business Accounting and basic mathematics of Finance.
4. Ability to critically analyse alternatives related to asset management.
5. Interest in current financial events in today's business environment.

Method:

Through the use of teaching notes, selected cases and lecture-discussions, this course will develop an understanding of the basic financial principles and techniques. Thus a student should achieve a reasonable competence in financial analysis in order to be able to constructively criticize financial reports and statements from a management standpoint.

Evaluation:

Students will be evaluated on the following basis:

Three tests.....50%  
Class participation.....50%

Evaluation will be based on how well the student achieves the goals listed. Class participation will include proper preparation for case assignments as well as participation in classroom discussion. Attendance is therefore of utmost importance.

Re-writing of test will be allowed in extenuating circumstances because of sickness or legitimate absences. If no arrangement is made by student on re-writes, attendance at make-up period will be necessary.

FINANCE & INVESTMENTS  
BUS 202-4 (H.R.M.)

<u>WEEK</u>	<u>SUBJECT</u>	<u>MATERIAL</u>
1	<u>How to analyse a case</u> -review of course content and discussion of outline -method of student evaluation and progress	Lecture-discussion (slide presentation)  Case: See Inc (handout)
2	<u>Introduction to Financial Manage- ment</u> -Financial decision making -Financing current operations -the concept of risk	Lecture-discussion  Case: The Case of the Unidentified Industries Notes: "The Topic of Finance"
3&4	<u>Types of Business Organization</u> -introduction-incidents in the life of a company -the sole proprietorship -the partnership -the corporation  -other forms of business organ- ization  -Administrative organization for Financial decisions	Lecture-discussion Notes: "Forming a new business"  Notes: "Exerpts from Introduction to Canadian Business"  Case: Alford & Wells TV (handout) Case: John Pieters (handout) Case: Harrington Corp. pg. 427
	TEST #1	
5&6	<u>Systems of Business Accounting</u> -introduction -income -assets and liabilities -ratio analysis ( -ratio analysis (liquidity) -valuation procedures	Lecture-discussion (income) Lecture-discussion (assets and liabilities) Notes: "The balance sheet and the Profit and Loss Statement" Case: "The Hintz Co" pg. 6 Case: "The Cunningham Co." pg. 24 Case: "Burke Cander Co." pg. 105

<u>WEEK</u>	<u>SUBJECT</u>	<u>MATERIAL</u>
7	<u>The Mathematics of Finance</u> -breakeven analysis -discounting-present value -mark-up  -gross margin -review -Fixed and valueable assets	Notes: "Breakeven Analysis"  Notes: "Present value" Notes: "Margins and mark-up"  Case: Upstate Canning pg. 113
	TEST #2	
8&9	PRINCIPLES OF ASSET MANAGEMENT  <u>Working Capital Management</u> -introduction -cycle -permanent working capital -temporary working capital  -projecting working capital	Lecture-discussion Notes: "The Operating Cycle"  Case: Browning Lumber pg. 39 Bank news letter Financial Post
10	<u>Cash Management</u> -introduction -the demand for money -investing inmarketable securities or term deposits -cash forecasting (budget)	Lecture-discussion Notes: "Cash Management"  Case: American Motors pg. 54 Bank visit
11	<u>Accounts Receivable Management</u> -introduction -nature of accounts receivable -trade and consumer credit	Notes: "Credit Policy"  Case: Allen Distribution pg. 64
12	<u>Inventory Management</u> -introduction -inventory control (turnover) -model inventories	Lecture-discussion Notes: "Inventory Management" Case: Sunshine Toy Co. pg. 12
13&14	<u>Personal Finance and the Principles of Investing</u> -personal income -standard of living -improving your income -budgeting	Lecture-discussion Notes: "Personal income" Notes: "Stocks & Bonds" Notes: "Budgeting" Notes: "Insurance"

<u>WEEK</u>	<u>SUBJECT</u>	<u>MATERIAL</u>
13&14 con't	-banking -consumer credit -insurance -personal saving -Securities (stocks and bonds) -make-up of portfolios -growth -diversification	
15	<u>Current Financial Events</u> (up-date) -fighting inflation and decline of purchasing power -living with government regulations	Financial Post "Report on Business"
	<u>FINAL TEST</u>	