

SAULT COLLEGE OF APPLIED ARTS & TECHNOLOGY

SAULT STE. MARIE, ONTARIO

COURSE OUTLINE

Course Outline: BUSINESS FINANCE

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Code Number : BUS 206

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Program : Business - 2035

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Semester : WINTER

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Date : January 1999

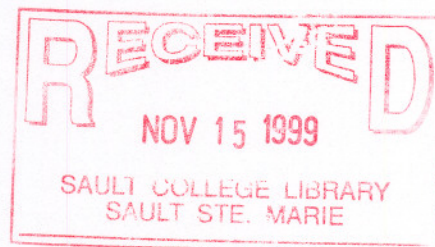
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Previous Outline : January 1998

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Author : J. Cavaliere

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Approved: \_\_\_\_\_

*J. Cavaliere*  
Dean, Business & Hospitality

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Date



**I. COURSE DESCRIPTION:**

This course enables the student to acquire the knowledge to understand the concepts utilized in the financial management of a business. Students will be able to identify the financial business concepts required to successfully manage and analyse the ongoing operations of a business.

**II. LEARNING OUTCOMES AND ELEMENTS OF PERFORMANCE:**

(Generic Skills Learning Outcomes placement on the course outline will be determined at a later date)

**A. Learning Outcomes:**

1. Describe the financial and economic concepts of Financial Management.
2. Use Financial ratios to evaluate the financial performance of a business.
3. Forecast and prepare Pro Forma Financial Statements.
4. Apply the concept of Working Capital Management to the operation of a business.
5. Calculate the Time Value of Money.
6. Prepare a Capital Budget.

**B. Learning Outcomes and Elements of the Performance:**

Upon successful completion of this course the student will demonstrate the ability to:

1. Describe the financial and economic concepts of Financial Management.

**Elements of the performance:**

- Distinguish between marginal revenue and marginal cost.
- Determine the opportunity cost of making decisions.
- Identify the relationships between savings, income, expenditures and cost.
- Understand the relationship between risk and return on investment.
- Understand the basic economic concepts of finance.

This learning outcome will constitute 10% of the course's grade.

2. Use Financial ratios to evaluate the financial performance of a business.

**Elements of the performance:**

- Evaluate the financial performance of a business by using Ratios to analyse data from a firm's Balance Sheet, Income Statement and Statement of Cash Flows.
- Compare Financial Statements from different reporting periods In order to generate a Trend Analysis of the performance.
- Use the Statement of Cash Flows to determine the effect of a Firm's policies on its financial performance.

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

3. Forecast and prepare Pro Forma Financial Statements.

**Elements of the performance:**

- Select the proper forecasting model for a given business situation.
- Calculate a forecast using time series data.
- Construct pro forma financial statements from available data.
- Apply the percentage of sales method in determining new financing needs.

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

4. Apply the concept of Working Capital Management to the operation of a business.

**Elements of the performance:**

- Describe the Asset categories that are included in Working Capital Management.
- Determine the methods of managing the disbursements and collection Of cash to increase business profitability.
- Calculate Working Capital requirements.
- Analyse Accounts Receivable.
- Understand how a business's current liabilities are managed.

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

5. Calculate the Time Value of Money.

**Elements of the performance:**

- Calculate simple interest and compound interest.
- Calculate an effective rate and stated rate of return.
- Calculate the future value and present value of an investment.
- Use financial tables to solve time value of money problems.

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

6. Prepare a Capital Budget.

**Elements of the performance:**

- Define the concept of Capital Budgeting for a Firm.
- Prepare a Capital Budget using the Four steps to Capital Budgeting.
- Calculate the Cost of Capital for a Firm.
- Calculate the Net Operating Cash Flow for a Project.
- Calculate the Net Present Value of an Investment
- Calculate the Internal Rate of Return for a Firm.
- Use the Payback of an Investment method to screen investment choices.

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

**Method of Assessment:**

A) Grading:	A+	90% - 100%
	A	80% - 89%
	B	70% - 79%
	C	60% - 69%
	R	Below 59% - Repeat the course

- B) **TESTS:** All students will be required to complete **FOUR** tests during the course of the term. The total weighting of the four tests will represent 100% of the final term grade. Each test is weighted as 25% of the total grade. The tests will be administered during the term as follows:

**Test #1:** Learning outcome #1&2: Reference material is Chapter 1,3,4

**Test #2:** Learning outcome #3: Reference material is Chapter 5,6.

**Test #3:** Learning outcome #4&5: Reference material is Chapter 7,8.

**Test #4:** Learning outcome # 6: Reference material is Chapter 9.

Notes to Students:

- a) Attendance is critical to the participant's success in this course.
- b) Your instructor reserves the right to modify the course as he/she deems necessary to meet the needs of the students.
- c) If you are a student with special needs you are encouraged to discuss accommodations with the Special Needs Office, Room E1204, Ext# 493,717,491 so that support services can be arranged for you.

PRIMARY RESOURCES

Entrepreneurial Finance: Finance for Small Business, Adelman, Marks, Prentice Hall Publishers ISBN# 0-13-812983-5

LIBRARY RESOURCES

Globe and Mail Report on Business	Financial Post
Toronto Star Report on Business	Canadian Business

Method of Assessment:

A+ Grading	80% - 100%
A	70% - 79%
B	60% - 69%
C	50% - 59%
D	Below 50% - Repeat the course

ALL TESTS: All students will be required to complete FOUR tests during the course of the term. The total weighting of the four tests will represent 100% of the final term grade. Each test is weighted as 25% of the total grade. The tests will be administered during the term as follows:

- Test #1: Learning outcome #1: Reference material is Chapter 1, 2, 3, 4
- Test #2: Learning outcome #2: Reference material is Chapter 5, 6, 7, 8
- Test #3: Learning outcome #3: Reference material is Chapter 9, 10, 11, 12
- Test #4: Learning outcome #4: Reference material is Chapter 13, 14, 15, 16