

SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

SAULT STE. MARIE, ONTARIO



COURSE OUTLINE

COURSE TITLE: Business Finance

CODE NO.: BUS206

SEMESTER: 4

PROGRAM: Business (2035)

AUTHOR: John Cavaliere

DATE: Jan. 2004

PREVIOUS OUTLINE DATED: Jan. 2003

APPROVED: _____

DEAN

DATE

TOTAL CREDITS : 4

PREREQUISITE(S): ACC1070, ACC1230

LENGTH OF COURSE: 16 weeks

TOTAL CREDIT HOURS: 64

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*For additional information, please contact Dean, School of
Business and Hospitality, (705) 759-2554.*

I. COURSE DESCRIPTION:

This course enables the student the opportunity to acquire the knowledge to understand the concepts utilized in the preparation of Financial Statements and the utilization of financial information in the management of the financial affairs 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:

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

1. Describe financial planning and distinguish between strategic plans and functional plans.

Potential Elements of the performance:

- Describe the five basic functions of a manager and how they relate to a small business.
- 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.
- Compare and contrast the basic forms of business ownership (sole proprietor, partnership, corporation).

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

2. Understand how Financial Statements are used by businesses. Identify the principal components of a Balance Sheet, Income Statement and Statement of Cash Flows.

Potential Elements of the performance:

- Understand how financial statements are used by business.
- Analyse the basic components of the accounting equation.
- Given the basic data for a company, be able to construct a financial statement.
- Understand the problems that may exist with financial statements.

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

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

Potential Elements of the performance:

- Perform a Vertical and Horizontal analysis of a company's Financial Statements.
- Perform Ratio Analysis of a company and compare those ratios to other companies within the same industry using industry averages.
- Analyse the relationships that exist between several categories of ratios to determine the health of a business.

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

4. Forecast and prepare projections of future Financial Statements.

Potential Elements of the performance:

- Understand the importance of a sales forecast to a business.
- Know how to evaluate a forecasting model.
- Construct Pro Forma financial statements from available data on a proposed or existing business.

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

5. Integrate several of the methods provided in the calculation of the Time Value of Money to solve real life financial problems.

Potential 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. Understand the purpose and need for a Budget and be able to prepare a Capital Budget.

Potential 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 20% of the course's grade.

III. TOPICS:

1. Financial and Economic Concepts
2. Financial Management and Planning
3. Financial Statements
4. Analysis of Financial Statements
5. Profit, Profitability and Break-Even Analysis
6. Forecasting and Pro Forma Financial Statements
7. Working Capital Management
8. Time Value of Money
9. Capital Budgeting

IV. REQUIRED RESOURCES/TEXTS/MATERIALS:

Text: Entrepreneurial Finance: Finance for Small Business Third Edition
Philip J. Adelman, Alan M. Marks, Prentice Hall Publishers
ISBN#0131842056

V. EVALUATION PROCESS/GRADING SYSTEM

TESTS:

All students will be required to complete **FOUR Tests** during the term. Each test is weighted as 25% of the final grade.

Test #1: Reference material is from Chapters 1,3&4

Test #2: Reference material is from Chapters 5&6

Test #3: Reference material is from Chapters 7& 8

Test #4: Reference material is from Chapter 9

Supplementary Test

A student who has missed a test or failed a test during the semester will have the privilege of writing a Supplementary Test at the end of the semester if they have attended 80% of the classes during the semester. The Supplementary Test will be comprehensive, drawing upon all of the material covered during the semester. The results of the Supplementary Test will replace the lowest failed test or missed test.

The following semester grades will be assigned to students in post-secondary courses:

| <u>Grade</u> | <u>Definition</u> | <u>Grade Point Equivalent</u> |
|--------------|---|-------------------------------|
| A+ | 90 – 100% | 4.00 |
| A | 80 – 89% | 4.00 |
| B | 70 – 79% | 3.00 |
| C | 60 – 69% | 2.00 |
| D | 50 - 59% | 1.00 |
| F(Fail) | 49% and below | 0.00 |
| CR (Credit) | Credit for diploma requirements has been awarded. | |
| S | Satisfactory achievement in field placement or non-graded subject area. | |
| U | Unsatisfactory achievement in field placement or non-graded subject area. | |
| X | A temporary grade limited to situations with extenuating circumstances giving a student additional time to complete the requirements for a course | |

Course Name

NR

Grade not reported to Registrar's office.

W

Student has withdrawn from the course without academic penalty.

VI. SPECIAL NOTES:

Special Needs:

If you are a student with special needs (e.g. physical limitations, visual impairments, hearing impairments, or learning disabilities), you are encouraged to discuss required accommodations with the Special Needs office.

Retention of course outlines:

It is the responsibility of the student to retain all course outlines for possible future use in acquiring advanced standing at other post-secondary institutions.

The Professor reserves the right to change the information contained in this course outline depending on the needs of the learner and the availability of resources.

Substitute course information is available in the Registrar's office.

Office hours maintained by the Professor will be provided to students.

VII. PRIOR LEARNING ASSESSMENT:

Students who wish to apply for advanced credit in the course should consult the instructor. Credit for prior learning will be given upon successful completion of the following:

VIII. DIRECT CREDIT TRANSFERS:

Students who wish to apply for direct credit transfer (advanced standing) should obtain a direct credit transfer form from the Dean's secretary. Students will be required to provide a transcript and course outline related to the course in question.

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