

**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)

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**DATE:** Jan. 2005

**PREVIOUS OUTLINE DATED:** Jan. 2004

**APPROVED:** \_\_\_\_\_

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**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 Continuing Education,  
Business and Hospitality, (705) 759-2554 Ext. 656*

## **I. COURSE DESCRIPTION:**

This course enables the student the opportunity to acquire the knowledge to understand the concepts utilized in the preparation of financial analysis and the utilization of financial information in the management decision-making process. Students will be able to identify financial business concepts utilized in the effective management and control of a business's financial activity.

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

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

1. Interpret and understand the primary Financial Statements used by firms in the financial decision-making process.

### **Potential Elements of the performance:**

- Interpret the information contained in the Balance Sheet, Income Statement and Retained Earnings Statement.
- Understand the bookkeeping and accounting cycle
- Differentiate between cash accounting and accrual accounting.
- Differentiate between depreciation methods, capital cost allowance, and amortization.
- Explain the meaning of Deferred Taxes.
- Differentiate between net income after taxes and cash flow.

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

2. Analyze Changes in Financial Statement; A Funds Flow perspective.

### **Potential Elements of the performance:**

- Identify the key elements of funds flow.
- State the basic rules that can be used to identify funds flow.
- Examine the changes in the flow of funds in financial statements.
- Analyse funds flow by comparing two consecutive balance sheets.
- Prepare and explain the statement of changes in financial position.

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

3. Use financial statement analysis to evaluate the financial performance of a business.

### **Potential Elements of the performance:**

- Perform a Common-Size and Horizontal analysis of a company's Financial Statements.
- Analyse financial statements by using meaningful ratios.
- Analyse the relationships that exist between several categories of ratios to determine the financial performance of a company.
- Identify the limitations of financial ratios.
- Understand the use of financial benchmarks as a method of improving a company's financial

performance.

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

4. Use break-even analysis to facilitate Profit Planning and Decision-Making.

**Potential Elements of the performance:**

- Differentiate between cost behaviour, fixed, variable and semi-variable costs.
- Explain the relevance of break-even analysis.
- Explain the break-even analysis in terms of the contribution margin, the relevant range and the relevant costs.
- Differentiate between different types of cost concepts such as discretionary costs, committed costs, direct and indirect costs, controllable and non controllable costs.
- Calculate the break-even point, the cash break-even point and the profit break-even point.
- Construct a break-even chart.

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

5. Apply several of the methods provided in the calculation of the Time Value of Money to financial decision-making processes.

**Potential Elements of the performance:**

- Differentiate between time value of money and inflation.
- Differentiate between time value of money and risk.
- Calculate the future value and present value of an investment (lump sum and annuities).
- Use financial tables to solve time value of money problems.

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

6. Understand the purpose and need for a Capital Investment Strategy and prepare a Capital Budget.

**Potential Elements of the performance:**

- Define the concept of Capital Budgeting for a Firm.
- Prepare a Capital Budget.
- 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.*

7. Understand the budgeting process; financial planning and controlling.

**Potential Elements of the performance:**

- Describe the reasons for budgeting and the responsibility-centre concept.
- Prepare an Operating Budget, Capital Budget and Complementary Budgets.
- Describe financial planning in terms of preparing pro-forma financial statements.
- Prepare a Pro- Forma Income Statement, Balance Sheet and Cash Flow.
- Understand why cost accounting is essential for managers.
- Describe Cost Accounting, Cost Accounting systems, activity-based costing and variance reporting.
- Identify the importance of controlling, the control system and the different types of controls.

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

**III. TOPICS:**

1. Financial Statements; Chapter 2
2. Analyzing changes in Financial Statements; Chapter 3
3. Financial Statement Analysis; Chapter 4
4. Profit, Profitability and Break-Even Analysis; Chapter 5
5. Time value of money; Chapter 7
6. Capital Investment Decisions; Chapter 8
7. Budgeting, Financial Planning, and Control; Chapter 9

**IV. REQUIRED RESOURCES/TEXTS/MATERIALS:**

**Text:**

Finance for Non-Financial Managers, 4<sup>th</sup> edition;  
Pierre G. Bergeron  
Thomson Nelson Publishers  
ISBN#0176224661

**V. EVALUATION PROCESS/GRADING SYSTEM**

**TESTS:**

All students will be required to complete **THREE Tests** during the term. Each test is weighted as follows:

**Test #1:** Reference material is from Chapters 2, 3&4. Test weight factor 34%

**Test #2:** Reference material is from Chapters 5&7. Test weight factor 33%

**Test #3:** Reference material is from Chapters 8&9 Test weight factor 33%

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	
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.

**VIII DIRECT CREDIT TRANSFERS:**

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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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