

Business Finance

BSMG6208

Course Outline (In class)

Description: Learn how to develop key financial strategies in order to build a solid financial plan with a clear understanding of your tax and legal responsibilities. This course expands on the fundamentals and objectives of corporate finance and their relationship to business strategies. Particular attention is given to cash flow, budgeting, profit planning, capital and risk.

Recommended Prerequisite: Fundamentals of Accounting

Course Goals: The goal of the business finance course is to enable students to interpret financial reports, use acceptable financial tools and methodologies to make better business decisions, and understand the true financial impact of those decisions to improve budget management, increase potential profits and assess financial viability of projects as well as to engage in productive communication with financial managers and upper management.

Course Objectives: At the completion of this course, the student will be able to:

1. Define the meaning of financial management and explain the four financial objectives of an organization as well as discuss issues related to corporate transparency and accountability
2. Explain, examine and produce the contents and the structure of the four financial statements and discuss the importance of decision-making in financial management
3. Explain the importance of managing cash flows and be able to analyze cash flows by comparing two consecutive statements of financial position
4. Explain why financial statements need to be analyzed and evaluate a company's statements using various techniques and comment on the limitations of financial ratios
5. Explain and calculate the break-even point, the cash break-even point, and the profit break-even point and how they can be applied in different organizations as well as to be able to differentiate between different types of cost concepts
6. Define the meaning and importance of the cash conversion cycle and discuss various techniques related to trade receivables and inventory management to improve the cash flow cycle
7. Explain different types of risk-related financing options and calculate and discuss the sources and forms of debt financing as well as identify the factors that can influence the choice between buying or leasing as asset
8. Explain and calculate cost of financing, economic value added, and leverage analysis as it relates to managerial performance and shareholder wealth maximization
9. Explain and solve capital investment decisions using time-value-of-money decision-making tools
10. Explain the capital budgeting process as well as be able to evaluate and assess capital investments using decision-making concepts and techniques and discuss reasons that can prevent a capital project from being approved

Evaluation:

Weightings of the various segments of the course (Evaluation) as are follows:

Homework assignments	30%
Participation	5%
Mid Term Exam	30%
Final Exam	<u>35%</u>
Total	100%

Notes on assignments (papers and reports):

This course outline is a sample only and is subject to change.

- Must be academic in style and content
- Must have a clear focus
- Must present ideas in a logical and well thought-out flow
- Arguments, analysis and conclusions must be based on clearly identified research and sources
- Must cite all references from other sources
- Must be in paragraph format
- Must be double-spaced, and typewritten
- Must follow APA style

Grading:

A+	90-100	One could scarcely expect better from a student at this level
A	80-89	Superior work which is clearly above average
B	70-79	Good work, meeting all requirements, and eminently satisfactory
C	60-69	Competent work, meeting requirements
D	50-59	Fair work, minimally acceptable
F	below 50	Fail

Participation Grading Chart: will act as a guide for assessing student participation in the course:

Grade	Criteria
10	The student participates frequently, providing relevant responses and over the length of the course actively replies to discussion questions, instructor comments, and other students in a positive manner that demonstrates critical thinking skills; the responses often offer new perspectives on course material and spark discussion.
8-9	The student participates consistently, providing relevant responses and over the length of the course actively offers new ideas and responds to the contributions of others.
6-7	The student provides some relevant contributions and occasionally offers new ideas.
4-5	The student's contributions are inconsistent in both quality and relevance. The student does not offer any new ideas, and responses to fellow students are few.
2-3	The student rarely participates, rarely provides responses, and rarely responds to the comments and contribution of others. The student is rarely involved in group or class discussions.
0-1	The student never participates, does not respond to the comments or contributions of others, and does not offer their opinion or ideas. The student only contributes when specifically asked by the instructor.

Policy on Cheating and Academic Misconduct

Academic honesty is a cornerstone of conduct at Western University. We cannot have freedom of expression without integrity. Students are responsible for understanding the nature of and avoiding the occurrence of plagiarism and other academic offences; please refer to the section on "Scholastic Offences" in the current University Academic Calendar, or on the web at <http://www.westerncalendar.uwo.ca>. Such offences include plagiarism, cheating on an examination, submitting false or fraudulent assignments or credentials, impersonating a candidate, or submitting for credit in any course any academic work for which credit has previously been obtained or is being sought in another course in this University or elsewhere (without the knowledge and approval of the instructor to whom the work is submitted). Students enrolled in non-degree courses are expected to abide by the University's code of conduct.

Code of Student Conduct

The purpose of the Code of Student Conduct is to define the general standard of conduct expected of students registered at Western University, provide examples of behaviour that constitutes a breach of this standard of conduct, provide examples of sanctions that may be imposed, and set out the disciplinary procedures that the University will follow. For the complete Code of Student Conduct:

<http://www.uwo.ca/univsec/pdf/board/code.pdf>

Plagiarism

All required papers may be subject to submission for textual similarity review to the commercial plagiarism detection software under license to the University for the detection of plagiarism. All papers submitted will be included as source documents in the reference database for the purpose of detecting plagiarism of papers subsequently submitted to the system. Use of the service is subject to the licensing agreement, currently between Western University and Turnitin.com (<http://www.turnitin.com>).

Policy on Late Assignments

No late assignments will be accepted. Extensions will be considered if the professor is approached at least two days prior to the due date. Moreover, only extenuating circumstances will be considered.

Any assignment handed in late that has been approved will be subject to a penalty of two percent (2%) per day including weekends, up to a maximum of 7 days, after which assignments will not be accepted and a grade of zero will be assigned unless documentation for accommodation has been provided in advance. The reason for this seemingly harsh system is:

- a) it ensures that people who hand their assignments in on time are not penalized, and
- b) it makes it far more likely that you will submit your assignments on time.

When will I receive my grades?

Final grades will be available 2 weeks after the last scheduled day of the course. A grade report can be printed from myWCS.

How do I hand in assignments?

Each assignment has format specifications, defined in words and/or pages, defined due dates as well as submission requirements. Assignments could be submitted electronically either through using the assignment drop box in the course area and/or the publisher's web site. Refer to each assignment overview for details. Failure to meet deadlines without the instructor's written permission will be subject to the late assignment policy. It is the student's responsibility to ensure that all assignments forwarded to the instructor arrive before the due date. If you experience difficulty in submitting assignments, you are responsible for contacting the instructor, seeking permission, and arranging an alternate method of delivery (e.g., e-mail attachment) for the assignment if approved.

Course Schedule:

<u>Week</u>	<u>Assignment</u>
1	Chapter 1 Overview of Financial Management Chapter 2 Accounting and Financial Statements Assignment: Chapter 2: Exercise 2, 5, and 6
2	Chapter 3 Statement of Cash Flows Assignment: Exercise 1, 2, 3, and 4 Case: Austin Industries Inc.
3	Chapter 4 Financial Statement Analysis Assignment: Exercise 1, 2, and 3 Case: Pickwick Restaurants

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HAND-IN ASSIGNMENT #1 Due start of class Week 5

- Case: Imperial Electronics Ltd. (p. 171)
- 4 Chapter 5 Profit Planning and Decision-Making
Assignment: Exercise 1, 2, 3, and 4
Case: V&A Carpet Cleaning Services
- 5 Review Chapters 1-5
- 6 **MIDTERM EXAM (Chapters 1-5)**
- 7 Chapter 6 Working Capital Management
Assignment: Exercise 1, 2, 3, 4, 5, 6, and 9
- 8 Chapter 8 Sources and Forms of Financing
Assignment: Exercise 1, 2, 3, 4, 5, 7, and 10

HAND-IN ASSIGNMENT #2 Due start of Week 11

- Case: Baldwin Equipment Inc. (p. 370)
- 9 Chapter 9 Cost of Capital, Capital Structure...
Assignment: Exercise 1, 2, 3, and 4
- 10 Chapter 10 Time-Value-of-Money Concept
Assignment: Exercise 1, 2, 4, 5, 6, 7, and 8
Case: The Farm Purchase
- 11 Chapter 11 Capital Budgeting
Assignment: Exercise 1, 2, 3, 4, 5, and 6
- 12 REVIEW
- 13 **FINAL EXAM**

*Subject to change