



COURSE OUTLINE

FINANCE 1

BUS260

**45 HOURS
3 CREDITS**

PREPARED BY:


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January 1, 2015

APPROVED BY:


Margaret Dumkee, Dean

January 1, 2015

YUKON COLLEGE

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Course Outline prepared by Gabor Gyorgy, December 2014

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Finance 1

INSTRUCTOR: Gabor Gyorgy
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OFFICE HOURS: Monday to Thursday 10:30 – 12:00

COURSE OFFERING: Winter 2015
DAYS & TIMES: Tuesdays and Thursdays, 8:30 – 10:00
PREREQUISITE: Accounting 101 & 102 or Accounting 202

COURSE DESCRIPTION

In BUS260 we begin to understand the science of money management in a corporate context. We examine how firms value and assess risk, and make financial decisions across a variety of contexts, and time frames.

LEARNING OUTCOMES

1. To develop the capacity to understand and apply theories in corporate finance to real world examples
2. To develop an understanding of the basic principles of both long term and short term financial planning
3. To understand how financing and investment decisions interact to affect value.

TEXT AND OTHER MATERIALS

- 1) Ross, Westerfield, Jordan and Roberts, *Fundamentals of Corporate Finance, Eighth Canadian Edition*, Irwin, Toronto, 2013.
- 2) Financial calculator—the one that will be used for instruction in class is *Sharp Business/Financial Calculator EL-738*, which is available in the bookstore.

INSTRUCTIONAL FORMAT

Course content will be presented principally through lectures, and sample problems. I encourage all students to raise and answer questions and get actively involved in any class discussions that might arise.

If you require additional assistance, I am available to all students during my scheduled office hours. Students are encouraged to make an appointment during these times, as appointments will take precedence over 'drop-ins.' A short visit is often all it takes to clear up a problem area.

COURSE REQUIREMENTS

Attendance

Regular student attendance and preparation are essential to enjoying this course. Learning finance concepts is no easy task. For the great majority of students, these concepts are far from intuitive, and mastering them requires hard work. This work will inevitably involve a lot of careful reading and repetition, repetition, and more repetition of exercises. It is like any other game of logic or skill. It comes, but only through practice and often after many false starts. Understanding in this discipline promises much satisfaction for those who appreciate applying technical skills.

Given the volume of material that needs to be covered in this course, I have to conduct classes on the assumption that the assigned material has been read and studied. In the end, if you are doing the assigned readings and preparing with exercises before class, your class room experience should be energizing. If you are coming to class unprepared, your class room experience will likely be stressful.

Students are expected to behave in a respectful and courteous manner during class, as is required in any workplace. This includes turning off all personal communication devices. Students who fail to demonstrate professionalism in the classroom and exhibit distracting/disrupting behaviours will be asked to leave.

Homework

All required readings, and exercises are listed in the Business 260 Syllabus. Students are responsible for correcting their own work using the Solutions Manual for the text, which includes answers to the end-of-chapter questions and problems. The Solutions Manual is available on-line at our MyYC website . Ensure that you understand the problems; this course is sequential with many of the lessons building on previous lessons.

Evaluations

There will be six tests, worth 5% each (30% total). The tests will be approximately 30 minutes long and will be written at the beginning of the class. Specific dates are noted on the syllabus. The purpose of these tests is to help you master the material on a chapter-by-chapter basis. Questions on the tests will be very similar to problems studied in class and/or the assigned self-study questions.

Business 260 has a midterm and a final examination, both of which must be completed within the scheduled class time.

If you must miss a test or exam, it is your responsibility to reschedule an alternative date *before* your planned absence.

Examples of acceptable (valid) reasons for missing a scheduled test or exam include personal illness (supported by a doctor's note) or absence required by your employer (supported by a letter from your employer). Only one such deferral is allowed per semester. If no valid reason is given, your mark on that test will be "0."

The 3-hour final exam is comprehensive however is weighted 70% to material covered after the midterm, and 30% to material beforehand.

COURSE WITHDRAWAL

You may withdraw from the course prior to Friday March 20th, 2015 without academic penalty, and a mark of "W" will be entered on your transcript. Withdrawal after this date will result in an "F" on your transcript.

STUDENTS WITH DISABILITIES OR CHRONIC CONDITIONS:

Reasonable accommodations are available for students with a documented disability or chronic condition. It is the student's responsibility to seek these accommodations. If a student has a disability or chronic condition and may need accommodation to fully participate in this class, he/she should contact the Learning Assistance Centre (LAC) at (867) 668-8785 or lassist@yukoncollege.yk.ca.

EVALUATION

The final grade for this course will be determined as follows:

Tests (6 @ 5% each)	30%
Midterm Exam	30%
Final Exam	<u>40%</u>
Total	<u>100%</u>

COURSE CALENDAR

Date	Ch.	Topic	Readings		Study Questions
Jan. 6	1	Introduction To Corporate Finance		All of Chapter 1	
Jan. 8	2	Financial Statements, Cash Flow and Taxes	2.1 2.2 2.3	Statement of Financial Position Statement of Comprehensive Income Cash Flow	1-5, 8-16
Jan. 13	2	Financial Statements Cash Flow and Taxes	2.3	Cash Flow	19, 21, 22, 25, 26
	3	Working With Financial Statements	3.1 3.3	Cash Flow and Financial Statements Ratio Analysis	1-4
Jan. 15	3	Working With Financial Statements	3.3	Ratio Analysis	17,19, 23, 24
Jan. 20	MT1	Ch. 1, 2,3			
	4	Long Term Financial Planning and Growth	4.2 4.3 4.4	Financial Planning Models Percentage of Sales Approach External Financing and Growth	1-9,12,13,24
Jan. 22	4				
Jan. 27	5	Time Value of Money		All	All
Jan. 29	MT2	Ch. 4 & 5			
	6	Discounted Cash Flow Valuation		All	1-9, 25, 45
Feb. 3	6	Discounted Cash Flow Valuation		All	11, 13 &14 (omit d), 15, 20, 23, 33, 51
Feb. 5	7	Interest Rates and Bond Valuation	7.1	Bonds and Bond Valuation	1-8, 13, 23
Feb. 10	7		7.2	More on Bond Features	14
			7.3	Bond Ratings	
			7.5	Bond Markets	
Feb. 12	MT3	Ch. 6 & 7			
		Review		Chapters 1 – 7 for Mid Term	
Feb. 17	Mid Term Exam				
Feb. 19	8	Stock Valuation	8.1 8.2 8.3	Common Stock Valuation Common Stock Features Preferred Stock Features	1-13, 16, 17, 19, 20

Feb. 24	9	Net Present Value and Other Investment Criteria	9.1	Net Present Value	1-10
Feb. 26			9.2	The Payback Rule	11, 12a+b, 15-17, 25
	9.4	The Internal Rate of Return			
	9.5	The Profitability Index			
	9.6	The Practice of Capital Budgeting			
Mar. 3	MT4	Ch. 8 & 9			
	10	Making Capital Investment Decisions	10.1	Project Cash Flows: A First Look	1-9, 11, 13-15, 21, 25, 26
Mar. 5	10		10.2	Incremental Cash Flows	
			10.3	Pro Forma Financial Statements And Project Cash Flows	
			10.4	More on Project Cash Flow	
			10.5	Alternative Definitions of Operating Cash Flow	
Mar. 10	11	Project Analysis and Evaluation	11.1	Evaluating NPV Estimates	1-10, 17, 19
Mar. 12			11.2	Scenario and Other What If Analyses	
			11.3	Break Even Analyses	
			11.4	Operating Cash Flow, Sales Volume, and Break Even	
Mar. 16-20	<i>No Classes – Reading Week</i>				
Mar. 24	MT5	Ch. 10 & 11			
Mar. 26	18	Short Term Finance and Planning	18.1	Tracing Cash and NWC	1-12
			18.2	Operating Cycle and Cash Cycle	
			18.4	Cash Budget	
			18.6	Short Term Borrowing (<i>Trade Credit Only</i>)	
Mar. 31	19	Cash And Liquidity Management	19.1	Reasons for Holding Cash	1-8, 11, 12
Apr. 2			19.2	Determining the Target Cash Balance	
			19.3	Understanding Float	
Apr. 7	20	Credit and Inventory Management	20.1	Credit and Receivables	1-8
			20.2	Terms of the Sale	
			20.6	Collection Policy	
Apr. 9	MT6	Ch. 18, 19 & 20 Review		Chapters 1 – 11 & 18 - 20	
Apr. 13 th to 17 th	Final Exam				