



## **School of Business and Creative Design**

Business & Business Administration Department

### **Course Outline – Fall 2013**

**Course Code:** FIN 1203

**Course Title:** Financial Management I

*Prepared By:* Mark Magee

*Date:* June 2012

*Revised By:* Mark Magee

*Date:* June 2013

*Approved By:* Yvonne Clarke, Associate Dean

*Prerequisite:* MTH 2223, ACC 2004 or ACC 2104

*Corequisite:* None

*Prerequisite for:* FIN 2203

## 1. Course Description

*This is an introductory course in managerial finance. Topics surveyed include the goals of financial management, a review of financial statements and financial statement analysis, financial markets, the time value of money, risk and return and the valuation of financial securities. The course also covers financial planning and forecasting for business entities. The purpose of the course is to introduce the student to the theory and principles of managerial finance.*

*This course is recognized for credit with the Certified General Accountants Association of Ontario, leading to the designation C.G.A.*

## 2. General Education and Essential Employability Skills

**This course provides the following provincial Essential Employability Skills:**

- #1: Communication
- #2: Numeracy
- #3: Critical Thinking and Problem Solving
- #4: Information Management
- #5: Interpersonal
- #6: Personal

**Is this course approved as a General Education course?**

☒

**No**

☐

**Yes**

Students should refer to their program's restricted General Education courses for final determination.

## 3. Learning Outcomes

Upon successful completion of this course, the learner will be able to:

1. Identify and explain the goals of financial management and the different forms of business ownership.
2. Review the preparation of financial statement in accordance with the appropriate accounting standards and the basics of corporate taxation.
3. Use financial analysis to evaluate and compare companies.
4. Discuss the financial planning process and prepare financial plans for a business.
5. Describe and understand financial markets and financial securities.
6. Understand and apply the concepts of future and present value.
7. Understand and evaluate the risk and return for single assets and portfolios.

8. Describe the factors that affect required rates of return and the relationships among financial decisions, return, risk and the firm's value.
9. Determine the value of long-term debt, common shares and preferred shares using the basic valuation models.

#### 4. Course Objectives

(The number in brackets at the end of each objective refers to the learning outcome from section 3.)

*Learning Outcome  
Reference Number*

##### Unit 1

- |     |   |   |
|-----|---|---|
| 1.1 | Define finance and the key activities of the financial manager within the firm.                           | 1 |
| 1.2 | Explain why wealth maximization versus profit maximization is the goal of the firm.                       | 1 |
| 1.3 | Discuss the relationship between wealth maximization and ethics.  | 1 |
| 1.4 | Discuss the principle features and merits of different forms of business ownership.                       | 1 |
| 1.5 | Review and interpret the financial statements for a company.  | 2 |
| 1.6 | Explain the basics of corporate taxation in Canada.   | 2 |
| 1.7 | Identify and explain public information for a firm including the company's annual report to shareholders. | 2 |
| 1.8 | Analyze and interpret a company's financial statements using ratio analysis.                              | 3 |
| 1.9 | Evaluate a company's profitability using common-size analysis.  | 3 |

##### Unit 2

- |     |  |   |
|-----|--|---|
| 2.1 | Understand the financial planning process and the fundamentals associated with preparing budgets and pro forma income statements and balance sheets. | 4 |
| 2.2 | Understand the structure of financial markets and the importance of trust to the operation of the financial markets.                                 | 5 |
| 2.3 | Describe the key characteristics of the money market and the capital market.   | 5 |
| 2.4 | Differentiate among debt, preferred equity and common equity capital.  | 5 |
| 2.5 | Review the process of creating and issuing financial securities.   | 5 |

- |     |  |   |
|-----|--|---|
| 2.6 | Discuss the role of the time value of money in finance.              | 6 |
| 2.7 | Understand the concept and calculations of future and present value. | 6 |

### Unit 3

- |     |  |   |
|-----|--|---|
| 3.1 | Explain the meaning of risk and return and their relationship to financial securities.     | 7 |
| 3.2 | Understand the impact of financial decisions on risk and return and the value of the firm. | 8 |
| 3.3 | Describe interest rate fundamentals and the factors that affect required rates of return.  | 8 |
| 3.4 | Apply financial techniques to value long-term debt, common shares and preferred shares.    | 9 |

## 5. Resources and Supplies

### a. Required

#### Textbook:

Gitman, Lawrence J., Hennessey, Sean M.: Principles of Corporate Finance, Second Canadian Edition, Pearson Education Canada Inc., Toronto, Ontario, 2008.

#### Other:

Various business sites on the internet as well as financial articles and information in newspapers and/or other published material.

Print credits and calculator (with exponential & reciprocal key)

### b. Supplemental

None

## 6. Methodology

This course will be taught on a lecture basis with heavy emphasis on problem solving using a wide variety of problems and cases. In addition, students will complete assignments based on the content of the course.

## 7. Student Evaluation

A grade of D is the passing grade for this course. Some programs, however, may require a higher grade to progress through or graduate from the program. Students should check the program requirements for their particular program.

The following elements will determine the student's final grade:

Test 1	20%
Test 2	20%
Final Examination (Comprehensive)	40%
Assignments	20%
<b>Total</b>	<b>100%</b>

**Tests:** All tests and examinations will be written on the scheduled day at the arranged time. If, for extenuating circumstances (which in most cases will only be for documented medical related absences), you will be unable to write, you must contact the professor PRIOR to the test for consideration of alternate arrangements. In most cases, the make-up test will be written during exam week. If you cannot reach the professor, you must leave a message with the program secretary at ext. #2433. During testing time, NO electronic devices of any sort will be permitted unless previously discussed and/or approved by the professor.

**Assignments:** Assignments must be submitted by the specified due date. Assignments must consist of the student's own work. There will be NO additional and/or make-up assignments granted at any point during the course.

The round off mathematical principle will be used. Percentages are converted to letter grades and grade points as follows:

Mark (%)	Grade	Grade Point	Mark	Grade	Grade Point
94-100	A+	4.0	67-69	C+	2.3
87-93	A	3.7	63-66	C	2.0
80-86	A-	3.5	60-62	C-	1.7
77-79	B+	3.2	50-59	D	1.0
73-76	B	3.0	0-49	F	0.0
70-72	B-	2.7			

## 8. Related Items

### ***Students with Disabilities***

If you are a student with a disability please identify your needs to the professor and/or the Accessibility Centre so that support services can be arranged for you. You can do this by making an appointment at the SSD, Room L103 ext.3427 or by arranging a personal interview with the professor to discuss your needs.

### ***Student Rights and Responsibility Policy***

*Acceptable behaviour in class is established by the instructor and is expected by all students. Any form of harassment or violence will not be tolerated. Action will be taken as outlined in Lambton College policy.*

*Cheating and plagiarism are serious academic offences subject to disciplinary action. It is the student's responsibility to be aware of the cheating policy as described in the Lambton College Student Rights and Responsibilities policy. For further information on all of these policies, links may be found on the Lambton College website.*

**Prior Learning Assessment Statement**

*This course is eligible for Prior Learning Assessment*

☒ **Yes**      ☐ **No**

*If yes has been selected, you may choose to contact the Counselling Department for advice on Prior Learning Assessment.*

**Date of Withdrawal without Academic Penalty**

*Please consult the Academic Regulations and Registrar's published dates.*

**Waiver of Responsibility**

*Every attempt has been made to ensure the accuracy of this information as of the date of publication. The content may be modified, without notice, as deemed appropriate by the College.*

*Note: It is the student's responsibility to retain course outlines for possible future use to support applications for transfer of credit to other educational institutions.*