Grande Prairie Regional College
School of Business
Department: Business Administration and Commerce

Course Outline
FN 3700 (3-0-0) UT 45 Hours
Introduction to Corporate Financial Management
Winter 2007

Instructor: Ken Riley   Phone: 539-2017

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Office hours: Mon. & Fri. 11:00am – 12:30pm
                              or by appointment

Time and Place: Monday & Wednesday: 14:30 – 15:50 PM
                                             B305

Prerequisites: ST 1510 and AC 3110.

Transfers To: AF-UA, AU, ConUC, KUC, UA, UC, UL

Credit/Contact Hours: 3

Delivery Mode: Lecture

Course Description:

The course provides a general corporate framework for financial decision-making. It examines types of securities and basic methods of valuation. Valuation and selection of physical and intellectual assets. Operation of asset markets and market efficiency. Risk measures and risk reduction methods. Financing policy, including choices between debt and equity financing.

Course Objectives:

The course provides an introduction to corporate financial management. The following topics will be covered:
• Financial Statements
• Valuation of Future Cash Flows
• Capital Budgeting
• Risk, Return and Capital Market Theory
• Cost of Capital and Long-Term Capital Structure
• Derivative Securities (Options)

The learning objectives for this course are as follows:

- ❑ To understand and apply the concepts of corporate finance at an introductory level.
- ❑ To develop your analytic abilities.
- ❑ To develop the ability to work and participate constructively in a group setting
- ❑ To develop the ability to write clearly and concisely.

Course Materials:

Ross, Westerfield, Jordan and Roberts. **Fundamentals of Corporate Finance.** 2005. 5th Canadian Edition. Irwin, Toronto, Ont.

Holden. **Excel Modelling in Corporate Finance.** 2005. 2nd Ed. Pearson Prentice Hall.

Sharp Business/Financial Calculator Model#-EL-733A

Solutions Manual for problems will be posted on Blackboard after discussion in class.

Regular reading of the Globe and Mail, the Financial Post, and other financial papers is encouraged.

Evaluation:

The grading system employed in this course will be:

Assignments/cases …………….…………..…………………...	20%
Participation.…………...……………………………………..	10%
Midterm Examinations (2).…………..	40%
Final Examination ..…………..	30%

A grading conversion chart follows at the end of this section.

Assignments/Cases:

A number of hand-in assignments/cases will be assigned during the year. These are due at the beginning of class on the due date. All hand-in assignments/cases are to be typed.

I am recommending that the assignments/cases be done in groups of two or three.

Because of the importance of the proper use of English in business generally and in professional situations specifically, papers will be graded accordingly. Marks on assignments and the case will be given for content and for written presentation. Written presentation includes, but not limited to, concise writing, appropriate use of point form, appropriate use of formatting/headings. Marks also will be

deducted for poor grammar, incorrect spelling, poor sentence construction etc. if it detracts from the quality of the paper.

Participation:

Each student is expected to come to class having read the material and completed some of the assignments. Marks will be based on the contribution made to the class by the student; note that both quantity and quality of the contribution will be assessed.

Midterm Examinations:
Midterm examinations are scheduled for Feb. 12th and March 28th.

Final Examination:
A final examination will be held with time and place to be announced.

Business Administration and Commerce Department

Grading Conversion Chart

Alpha Grade	4-point Equivalent	Percentage Guidelines	Designation
A$^+$	4	90 – 100	EXCELLENT
A	4	85 – 89	
A$^-$	3.7	80 – 84	FIRST CLASS STANDING
B$^+$	3.3	76 – 79	
B	3	73 – 75	GOOD
B$^-$	2.7	70 – 72	
C$^+$	2.3	67 – 69	SATISFACTORY
C	2	64 – 66	
C$^-$	1.7	60 – 63	
D$^+$	1.3	55 – 59	MINIMAL PASS
D	1	50 – 54	
F	0	0 – 49	FAIL

Plagiarism:

Plagiarism will not be tolerated and, as such, any submitted work may be investigated for this possibility. Please ensure you read and understand the College's policy on plagiarism as published in the 2006/2007 Calendar. If you have questions on whether or not you might be violating this policy, please discuss this with your instructor before you submit your assignment.

Week of:

January 1:	General Introduction Chapter 1
January 8:	Chapters 2 & 3 – Financial Statements Chapter 5 – Discounted Cash Flow Analysis
January 15:	Chapter 5 & 6
January 22:	Chapter 7 & App. A (skip 7.7) – Bond Valuation
January 29:	Chapter 8 – Stock Valuation
February 5:	Chapter 9 – Capital Budgeting
February 12:	**Mid Term Exam #1** Chapter 10 – Capital Budgeting
February 19:	**Family Day/Reading Week**
February 26:	Chapter 11(11.1, 11.2, 11.6)/12 Cap. Bud. & Capital Markets Chapter 13 – Return, Risk and Security Market Line
March 5:	Chapter 14 (14.1-14.5, 14.7)– Cost of Capital
March 12:	Chapter 15 – Raising Capital Chapter 16 – Capital Structure
March 19:	Chapter 16 – Capital Structure
March 26:	Review **Mid Term Exam #2**
April 2:	Chapter 17 – Dividend Policy Chapter 25 (25.1-25.3, 25.8, App. 25A) – Options
April 9:	Chapter 25- Options Review

Note: Dates are approximate and may vary slightly.

Suggested Problems

Concept Review Questions 1.1, 1.2, 1.3, 1.10, 1.13

Concept Review Questions 2.1, 2.2, 3.1
        Questions and Problems 2.9, 2.19, 2.20, 2.24, 2.29, 2.34

Questions and Problems 5.1, 5.2, 5.8, 5.9, 5.14, 5.17

Questions and Problems 6.2, 6.5, 6.12, 6.13, 6.16, 6.18, 6.20, 6.31, 6.41, 6.43, 6.48, 6.53,
        6.55, 6.57, 6.60, 6.67, 6.73

Questions and Problems 7.1, 7.3, 7.8, 7.12, 7.15, 7.18, 7.20, 7.21, 7.22, 7.25, 7A.2, 7A.3

Questions and Problems 8.4, 8.9, 8.10, 8.12, 8.13, 8.15, 8.16, 8.19, 8.21, 8.25

Questions and Problems 9.3, 9.4, 9.6, 9.12, 9.13, 9.15, 9.16, 9.17, 9.18, 9.23

Questions and Problems 10.2, 10.7, 10.8, 10.9, 10.10, 10.11, 10.16, 10.20, 10.22, 10.25,
10.34, 10.37, 10.44, 10.50

Questions and Problems 11.4, 11.17, 11.28

Questions and Problems 12.1, 12.2, 12.3, 12.4, 12.9, 12.10, 12.11, 12.14

Questions and Problems 13.4, 13.7, 13.10, 13.13, 13.15, 13.19, 13.20, 13.21, 13.25,
        13.26, 13.28

Questions and Problems 14.1, 14.4, 14.7, 14.9, 14.11, 14.16, 14.17

Questions and Problems 16.2, 16.4, 16.6, 16.8, 16.10, 16.11, 16.12, 16.13, 16.14, 16.15,
        16.16, 16.17, 16.22

Questions and Problems 17.4, 17.7, 17.8, 17.9, 17.12

Questions and Problems 25.2, 25.3, 25.4, 25.5, 25.6, 25.7