



**DEPARTMENT OF BUSINESS**

**COURSE OUTLINE – WINTER 2011**

**FN3700 - Introduction to Corporate Financial Management**

**INSTRUCTOR:** Charles A. Backman      **PHONE:** 780 539 2846

**OFFICE:** C413      **E-** cbackman@gprc.ab.ca  
**MAIL:**

**OFFICE**  
**HOURS:** TBD

**PRE or CO - REQUISITE(S):**  
ST 1510 and AC 3110

**REQUIRED TEXT/RESOURCE MATERIALS:**

Ross, Stephen A., Westerfield, Randolph, Jordan, Bradford, Roberts, Gordon. Fundamentals of Corporate Finance. 2010. 7<sup>th</sup> Canadian Edition. McGraw-Hill Ryerson. Toronto, ON.

Sharp Business/Financial Calculator Model#-EL-738

**CALENDAR DESCRIPTION:**

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

**CREDIT/CONTACT HOURS:**

This is a 3 credit course with 3 hours of lecture per week. Students are expected to attend all lectures.

**DELIVERY MODE(S):**

Lecture

**OBJECTIVES:**

The course provides an introduction to corporate financial management. The following topics will be covered:

- Financial Statements
- Valuation of Discounted Cash Flows
- Financial Asset Valuation
- Capital Budgeting
- Risk, Return and Capital Market Theory
- Cost of Capital and Long-Term Capital Structure
- Derivative Securities (Options)

**TRANSFERABILITY:**

UA, UC, UL, AU, CU, KUC

Students can also refer to the Alberta Transfer Guide at <http://www.acat.gov.ab.ca> for a list of institutions. Students are however *strongly advised* to check with the receiving institution for more details and to ensure transferability.

**\*\* Grade of D or D+ may not be acceptable for transfer to other post-secondary institutions. Students are cautioned that it is their responsibility to contact the receiving institutions to ensure transferability.**

**GRADING CRITERIA:****Quizzes**

Quizzes – 20%

**Assignments**

Assignments - 15%

**Exams**

First Exam 15%

Second Exam 15%

Third Exam 30%

**Participation**

Lecture 5%

**Assignment and Exam Policies:**

Assignments will be handed in at the beginning of class on the due date. The penalty for late submission will be 5% per day. **Note:** You should think of each assignment as a professional presentation that you would prepare for a client or your immediate supervisor. The evaluation will take into consideration the overall neatness of your work, correct spelling and grammar and effective communication of the required information.

- Quizzes will be given throughout the year. It is anticipated that there will be 4 quizzes.
- Calculators and approved translation devices are the only electronic devices allowed during quizzes, tests or examinations.
- Major tests are tentatively scheduled for February 8, 2011 and March 31, 2011.
- Final examinations will be written in the gym and scheduled by the Registrar during the period April 14–April 27, 2011.

Grades will be assigned on the Letter Grading System.

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

**EXAMINATIONS:**

There are three Exams in this course.

The final exam is cumulative.

## **STUDENT RESPONSIBILITIES:**

Each student is expected to come to class **on time**, having read the material and completed the assignments. Marks will be based not only on the contribution made to the class by the student but also on professionalism exhibited. **Note:** The use of cell phones is unprofessional and is distracting to the instructor and fellow students.

## **STATEMENT ON PLAGIARISM AND CHEATING:**

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 2008/2009 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.

Please refer to pages 49-50 of the College calendar regarding plagiarism, cheating and the resultant penalties. These are serious issues and will be dealt with severely.

## **COURSE SCHEDULE/TENTATIVE TIMELINE:**

### Week 1 Jan 3-9

- Introduction (Distribute course outline)

### Week 2 Jan 10-16

- Financial Statements

Reference: Chapter 1, 2, 3, 5

- Time Value of Money

Reference: Chapter 5

### Week 3 Jan 17-23

- Discounted Cash Flow Valuation

Reference: Chapter 6

### **Quiz #1**

- Interest Rates and Bond Valuation

Reference: Chapter 7 and Appendix A

Week 4 Jan 24-30

- Interest Rates and Bond Valuation

Reference: Chapters 7

- Stock Valuation

Reference: Chapters 8

**Quiz #2**

Week 5 Jan 31 - Feb 6

- Net Present Value

Reference: Chapter 9

Week 6 Feb 7 -13

**Exam 1 (Weeks 1 through 5)**

- Capital Budgeting

Reference: Chapter 10

Week 7 Feb 14-20

- Project Analysis and Evaluation

Reference: Chapter 11

- Capital Markets

Reference: Chapter 12

Week 8 Feb 21-27

Reading week

Week 9 Feb 28 - Mar 6

- Return, Risk and the Security Market Line

Reference: Chapter 13

**Quiz #3**

Week 10 Mar 7-13

- Cost of Capital

Reference: Chapter 14

Week 11 Mar 14-20

- Raising Capital

Reference: Chapter 15

**Quiz #4**

Week 12 Mar 21-27

- **2<sup>nd</sup> Exam (Week 6 through 11)**

Week 13 Mar 28-April 3

- Financial Leverage and Capital Structure Policy

Reference: Chapter 16

- Dividend Policy

Reference: Chapter 17

Week 14 Apr 4-10

- Options

Reference: Chapter 25 & App. A

Week 15 Apr 11-13

- Review

- **The instructor reserves the right to change or cancel any of these dates and topics.**

**April 14 to April 27 FINAL EXAM (DATE TBA)**

COMPREHENSIVE

Final Exam will include all chapters covered.

**Modified:** January 3, 2011