

Grande Prairie Regional College
Department of Arts, Commerce and Education
Course Outline
FN 3700 (3)
Introduction to Corporate Financial Management
Winter 2005

Instructor: Ken Riley
Office: C307
Office hours: Mon. & Wed. 10:00 – 11:30 AM or by appointment
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Time and Place: Monday & Wednesday 14:30 – 15:50 PM
B208

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.

Prerequisites:

- ST 1510 and AC 3110.

Content Description:

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*, 5th Canadian Edition. Irwin, 2005, Toronto, Ont.

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

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 (3)	20%
Participation.....	10%
Midterm Examinations (2).....	40%
Final Examination	30%

Assignments/Cases:

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

The assignments/cases will be done in a group. **NO ASSIGNMENTS/CASES WILL BE ACCEPTED IF COMPLETED INDIVIDUALLY.**

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. 7th and March 30st.

Final Examination:

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

COURSE TIMELINES:

Week of:

- January 3:** General Introduction
Chapter 1
- January 10:** Chapters 2 & 3 – Financial Statements
Chapter 5 – Discounted Cash Flow Analysis
- January 17:** Chapter 5 & 6
Assignment #1 – Hand-In (Fin'l. Stmt. Analysis)
- January 24:** Chapter 7 & App. A (skip 7.7) – Bond Valuation
- January 31:** Chapter 8 – Stock Valuation
- February 7:** **Mid-Term Exam #1**
Chapter 9 – Capital Budgeting
- February 14:** Chapter 10 – Capital Budgeting
Assignment #2 - Hand-in (Stock Valuation)
- February 21:** **Family Day/Reading Week**
- February 28:** Chapter 11(11.1, 11.2, 11.6)/12 Cap. Bud. & Capital Markets
Chapter 13 – Return, Risk and Security Market Line
- March 7:** Chapter 14 (14.1-14.5, 14.7)– Cost of Capital
Assignment #3 - Hand-in (Cap. Budgeting)
- March 14:** Chapter 15 – Raising Capital
Chapter 16 – Capital Structure
- March 21:** Chapter 16 – Capital Structure
- March 28:** Review
Mid Term Exam #2
- April 4:** Chapter 17 – Dividend Policy
Chapter 25(25.1-25.3, 25.8, App. 25A) – Options
- April 11:** Chapter 25- Options
Review

Note: Dates are approximate and may vary slightly.

Suggested Problems

Solutions are on Reserve in the Library

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