

BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY

COURSE OUTLINE

COURSE NAME International Corporate Finance

COURSE NUMBER FMGT 3550

DATE September, 1994

Prepared by David K. Chan,

Taught to 2nd Year

B. Comm., MBA, C.A.

School Business

School Business

Program Financial Management

Program Operations Management

Date Prepared July, 1994

Option Traffic and Distribution

Term 3 & 4 Hrs/Wk 3 Credits 3

No. of Weeks 12 & 18 Total Hours 36 & 54

Instructor(s) David K. Chan Office SE6-381 Local 6753

Office Hours Posted at office or by appointment

PREREQUISITES First Year Business – BCIT or equivalent

COURSE OBJECTIVES

(Upon successful completion of this course, the student will be able to:)

- Determine the effect of the financial environment on the corporation, i.e., the effects of taxation, form of organization, interest rates, inflation, and the state of capital markets.
- Compute the time value of money, the effect of risk and return on value, and the effect of cost of capital on the value of the firm.
- Analyze financial statements and the effects of cash flows on a firm's viability.
- Analyze the desirability of an investment in fixed assets under conditions of certainty and risk.
- Determine the best way to finance a firm through debt and/or equity.
- Set a dividend policy that will meet the twin goals of shareholder satisfaction and asset growth.
- Determine a firm's optimal mixture of working capital, i.e., cash, receivables, inventory and short debt.

COURSE OBJECTIVES, Cont'd.

- Calculate the effects of mergers and acquisitions on the value of shareholders' investments.
- Calculate the potential advantages and disadvantages of leasing over buying fixed assets.
- Estimate a firm's need for external financing in the near future.
- Analyze the effect of issuing convertibles and warrants on shareholders' investments and on the issuing company.
- Appreciate the role corporate finance plays in enabling a firm to survive in an environment of accelerating change and competition.
- Analyze the effect on the financing needs of a firm operating in the international marketplace.

EVALUATION

Final Examination	<u>40</u>	%	
Mid Term (2)	<u>60</u>	%	(30% per Mid Term)
TOTAL	<u>100</u>	%	

REQUIRED TEXT(S) AND EQUIPMENT

Foundations of Financial Management by Block, Hirt and Conway.
Third Canadian Edition, Irwin.

COURSE SUMMARY

The purpose of the course is to give the student an understanding of the role finance plays in business and industry.

Corporate finance is a tool that helps managers maximize the financial performance of a company for the long term benefit of the shareholders. In this course students learn how firms can efficiently allocate their resources and how they can raise funds to pay for those resources on as favorable terms as possible.

COURSE OUTLINE
(continued)

Week Lecture or Lab Number	Topic Coverage and Specific Unit Objectives	References
1	INTRODUCTION TO CORPORATE FINANCE <ul style="list-style-type: none"> • What is Corporate Finance • Goals of Financial Management • Financial Institutions, Financial Markets and the Corporation 	Chapter 1
2	REVIEW OF ACCOUNTING <ul style="list-style-type: none"> • Income Statement and Balance Sheet • Cash Flow • Taxes and Capital Cost Allowance 	Chapter 2
3	FINANCIAL ANALYSIS <ul style="list-style-type: none"> • Ratio Analysis • Use of Ratios to Analyze a Firm 	Chapter 3
4	FINANCIAL FORECASTING <ul style="list-style-type: none"> • Pro Forma Income Statement • Balance Sheet and Cash Budget 	Chapter 4
5	MID-TERM EXAM ON CH. 1, 2, 3, 4	
6	OPERATING AND FINANCIAL LEVERAGE <ul style="list-style-type: none"> • Breakeven Analysis 	Chapter 5
7	WORKING CAPITAL AND THE FINANCIAL DECISION <ul style="list-style-type: none"> • Liquidity • Hedging 	Chapter 6
8	CURRENT ASSET MANAGEMENT <ul style="list-style-type: none"> • Cash Management • Inventory Control • Management of Accounts Receivable 	Chapter 7
9	SOURCES OF SHORT-TERM FINANCING <ul style="list-style-type: none"> • Use of Bank Financing, Commercial Paper, EuroDollars and Hedging 	Chapter 8

COURSE OUTLINE
(continued)

Week Lecture or Lab Number	Topic Coverage and Specific Unit Objectives	References
10	MID TERM EXAM ON CH 5, 6, 7, 8	
11	THE TIME VALUE OF MONEY <ul style="list-style-type: none"> • Use of Calculation to Calculate Present and Future Values 	Chapter 9
12	VALUATION AND RATES OF RETURN <ul style="list-style-type: none"> • Valuation of Bonds, Preferred Stock and Common Stock 	Chapter 10
13	REVIEW	
14	FINAL EXAMINATION	
<p>The student is STRONGLY ADVISED to have read the chapter that will be covered BEFORE attending the class in order to improve their ability to grasp the material and allow as much time as possible for problem solving.</p>		