JAN 1 3 1997

BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY

Course Outline ***Part A***

School of Business
Program: Management Systems
Option:

FMGT 3560 and 4560 Finance I and II

Hours/Week:	4	**Total Hours:**	48	**Term/Level:**	3 and 4
Lecture:	2	**Total Weeks:**	12	**Credits:**	
Lab:	2				
Other:					

Prerequisites

Course No.: N/A
Course Name:

FMGT 3560 and 4560 is a Prerequisite for:

Course No.:
Course Name:

Course Record

Developed by: David K. Chan, Financial Management (Instructor Name and Department) Date: June, 1996

Revised by: _____ (Instructor Name and Department) Date: _____

Approved by: _____ (Associate Dean / Program Head) Start Date: _____

Course Description

Course Goals

Evaluation

Final Examination	40%
Mid-Terms (2 @ 30%)	60%
TOTAL	100%

Course Outcomes and Sub-Outcomes

The purpose of the course is to give the student an appreciation of the role of finance in business and industry and an understanding of the interrelationships between finance and the other functional aspects of business. It is also the objective of the course to teach the student some common decision-making techniques in finance to enable her/him to react optimally under varying conditions within a business environment of ever increasing complexity.

Effective Date

September, 1996

Instructor(s)

David K. Chan, MBA, CA Office No.: SE6-381 Phone: 6753

Office Hrs.: To be posted on office door

Text(s) and Equipment

Required:

Foundations of Financial Management
Stanley Block, Geoffrey Hirt, Douglas Short
Irwin Inc. 1994
Third Canadian Edition.

Recommended:

1. Study guide to accompany above (helpful but not compulsory).
2. Canadian Financial Management by Alfred Davis and George Pinches, Harper and Row.
3. Fundamentals of Financial Management by Vanhorne, Dipchand and Hanrahan, Prentice Hall, Fifth Canadian Edition.
4. Introduction to Financial Management by Schall, Haley and Schachter, McGraw-Hill Ryerson, Second Canadian Edition.

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Schedule

FMGT 3560 and 4560 Finance I and II

Week of/ Number	Topic Coverage and Specific Unit Objectives	Reference/Reading	Assignment	Due Date
1	Introduction to Corporate Finance • What is Corporate Finance • Goals of Financial Management • Financial Institutions, Financial Markets and the Corporation	Chapter 1		
2	Review of Accounting • Income Statement and Balance Sheet • Cash Flow • Taxes and Capital Cost Allowance	Chapter 2		
3	Financial Analysis • Ratio Analysis • Use of Ratios to Analyze a Firm	Chapter 3		
4	Financial Forecasting • Pro Forma Income Statement • Balance Sheet and Cash Budget	Chapter 4		
5	Mid-Term Exam on Chapters 1, 2, 3, 4			
6	Operating and Financial Leverage • Break-even Analysis	Chapter 5		
7	Working Capital and the Financial Decision • Liquidity • Hedging	Chapter 6		

Week of/ Number	Topic Coverage and Specific Unit Objectives	Reference/Reading	Assignment	Due Date
8	Current Asset Management • Cash Management • Inventory Control • Management of Accounts Receivable	Chapter 7		
9	Sources of Short-Term Financing • Use of Bank Financing, Commercial Paper, EuroDollars and Hedging	Chapter 8		
10	Mid-Term Exam on Chapters 5, 6, 7, 8			
11	The Time Value of Money • Use of Calculation to Calculate Present and Future Values	Chapter 9		
12	Valuation and Rates of Return • Valuation of Bonds, Preferred Stock and Common Stock	Chapter 10		
13	Review			
14	Final Examination			

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.

Week of/ Number	Outcome/Material Covered	Reference/Reading	Assignment	Due Date
1	Cost of Capital • Calculating the Cost of Debt, Preferred Stock and Common Equity	Chapter 11		
2 & 3	The Capital Budgeting Decision • Use of the Internal Rate of Return and Net Present Value Methods	Chapter 12		
4 & 5	Risk and Capital Budgeting • Use of Coefficient of Variation • Risk Adjusted Discount Rates • Decision Trees • Simulation	Chapter 13		
6	Mid-Term Exam on Chapters 11, 12, 13			
7	Capital Markets • Difference between Money and Capital Markets	Chapter 14		
8	Investment Underwriting • Public and Private Placements • Leveraged Buyouts	Chapter 15		
9 & 10	Long Term Debt and Lease Financing • Use of Bonds • Bond Refunding • Use of Lease Financing	Chapter 16		
11	Midi-Term Exam on Chapters 14, 15, 16			
12	Common and Preferred Stock Financing • Differences between Use of Preferred and Common Shares • Use of Rights Offerings	Chapter 17		

Week of/ Number	Outcome/Material Covered	Reference/Reading	Assignment	Due Date
13	Dividend Policy and Retained Earnings • Relevance of Dividends • Use of Stock Dividends, Stock Splits	Chapter 18		
14	Convertibles and Warrants • Valuation of Convertibles • Financing through Warrants	Chapter 19		
15	External Growth Through Mergers • Financial and Non-Financial Motives • Terms of Exchange	Chapter 20		
16	International Financial Management • Exchange Rates • Risks	Chapter 21		
	Final Examination			