



A POLYTECHNIC INSTITUTION

School of Business

Program: Business Administration

Option: International Trade and Transportation

**FMGT 4550**  
**Business Finance 2****Start Date:** January, 2004**End Date:** May, 2004**Total Hours:** 60 **Total Weeks:** 20**Term/Level:** 3 **Course Credits:****Hours/Week:** 3 **Lecture:** 1 **Lab:** 2**Shop:** **Seminar:** **Other:****Prerequisites****FMGT 4550 is a Prerequisite for:****Course No. Course Name****Course No. Course Name**

FMGT 3550 Business Finance 1

None.

**■ Course Description**

Continue from FMGT 3550 on the role finance plays in business and industry. Students will obtain a basic understanding of the interrelationships of finance with the other functional aspects of business. Teaches students common decision-making tools in finance to enable them to react intelligently under varying conditions within a business environment of ever increasing complexity. Special emphasis will be given to the services provided by financial institutions to firms that take part in international trade.

**■ Evaluation**

Midterm	50%	Comments:
Final Examination	50%	
TOTAL	100%	

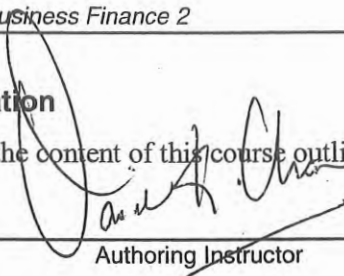
**■ Course Learning Outcomes/Competencies**

Upon successful completion, the student will be able to:

- identify how finance builds upon the disciplines of accounting and economics.
- discuss the analytical decision-making nature of finance within a risk-return framework.
- outline the activities of financial managers that are primarily based on the raising and investing of funds in an efficient manner.
- study the influence of international operations on decision-making of financial managers.

■ **Verification**

I verify that the content of this course outline is current.

  
\_\_\_\_\_  
Authoring Instructor

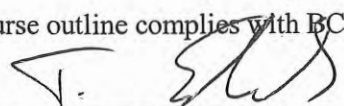
Nov 13/03  
\_\_\_\_\_  
Date

I verify that this course outline has been reviewed.

\_\_\_\_\_  
Program Head/Chief Instructor

\_\_\_\_\_  
Date

I verify that this course outline complies with BCIT policy.

  
\_\_\_\_\_  
Dean/Associate Dean

Nov 20/03  
\_\_\_\_\_  
Date

Note: Should changes be required to the content of this course outline, students will be given reasonable notice.

## ■ Instructor(s)

David K. Chan, B.Comm., MBA, CA

Office Location: SE6-381

Office Phone: 604-451-6753

Office Hrs.: to be posted on  
office door

E-mail Address: dchan@bcit.ca

## ■ Learning Resources

### Required:

*Foundations of Financial Management* (6th Canadian Edition). Stanley Block, Geoffrey Hirt, Douglas Short.  
Irwin Inc. 2002.

*International Business* (4th Edition). Charles W. Hill, Irwin Inc. 2002.

## ■ Information for Students

*(Information below can be adapted and supplemented as necessary.)*

**Assignments:** Late assignments, lab reports or projects will **not** be accepted for marking. Assignments must be done on an individual basis unless otherwise specified by the instructor.

**Makeup Tests, Exams or Quizzes:** There will be **no** makeup tests, exams or quizzes. If you miss a test, exam or quiz, you will receive zero marks. Exceptions may be made for **documented** medical reasons or extenuating circumstances. In such a case, it is the responsibility of the student to inform the instructor **immediately**.

**Ethics:** BCIT assumes that all students attending the Institute will follow a high standard of ethics. Incidents of cheating or plagiarism may, therefore, result in a grade of zero for the assignment, quiz, test, exam, or project for all parties involved and/or expulsion from the course.

**Attendance:** The current BCIT policy on attendance will be enforced. Attendance will be taken at the beginning of each session. Students not present at that time will be recorded as absent.

**Illness:** A doctor's note is required for any illness causing you to miss assignments, quizzes, tests, projects, or exam. At the discretion of the instructor, you may complete the work missed or have the work prorated.

**Attempts:** Students must successfully complete a course within a maximum of three attempts at the course. Students with two attempts in a single course will be allowed to repeat the course only upon special written permission from the Associate Dean. Students who have not successfully completed a course within three attempts will not be eligible to graduate from the appropriate program.

**Course Outline Changes:** The material or schedule specified in this course outline may be changed by the instructor. If changes are required, they will be announced in class.

## ■ Assignment Details

Will be discussed in class.

### Schedule

Week of/ Number	Outcome/Material Covered	Reference/ Reading
1 & 2	Cost of Capital <ul style="list-style-type: none"> <li>Calculating the Cost of Debt, Preferred Stock and Common Equity</li> </ul>	Chapter 11
3 & 4	The Capital Budgeting Decision <ul style="list-style-type: none"> <li>Use of the Internal Rate of Return and Net Present Value Methods</li> </ul>	Chapter 12
5 & 6	Risk and Capital Budgeting <ul style="list-style-type: none"> <li>Use of Coefficient of Variation</li> <li>Risk Adjusted Discount Rates</li> <li>Decision Trees</li> <li>Simulation</li> </ul>	Chapter 13
7	<b>Midterm Exam on Chapters 11, 12, 13</b>	
8	<b>Midterm Break</b>	
9	Capital Markets <ul style="list-style-type: none"> <li>Difference Between Money and Capital Market</li> </ul>	Chapter 14
10	Investment Underwriting <ul style="list-style-type: none"> <li>Public and Private Placements</li> <li>Leveraged Buyouts</li> </ul>	Chapter 15
11 & 12	Long Term Debt and Lease Financing <ul style="list-style-type: none"> <li>Use of Bonds</li> <li>Bond Refunding</li> <li>Use of Lease Financing</li> </ul>	Chapter 16
13 & 14	Common and Preferred Stock Financing <ul style="list-style-type: none"> <li>Differences Between Use of Preferred and Common Shares</li> <li>Use of Rights Offerings</li> </ul>	Chapter 17
15	Globalization <ul style="list-style-type: none"> <li>Description of Globalization</li> <li>Drivers of Globalization</li> </ul>	Chapter 1
16	International Trade Theory <ul style="list-style-type: none"> <li>Overview of Trade Benefits</li> <li>Absolute Advantage</li> <li>Comparative Advantage</li> </ul>	Chapter 4
17	Political Economy of International Trade <ul style="list-style-type: none"> <li>Tariffs</li> <li>Subsidies</li> <li>Quotas</li> </ul>	Chapter 5

Week of/ Number	Outcome/Material Covered	Reference/ Reading
18	Foreign Direct Investment <ul style="list-style-type: none"><li>• Horizontal Investment</li><li>• Vertical Investment</li></ul>	Chapter 6
19	Review	
20	<b>Final Examination</b>	