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BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY

Business
Program: Continuing Education
Option:

Course Outline **Part A**
FMGT 4510
Finance 2

Hours/Week: 3

Total Hours: 54

Term/Level: 4

Lecture:

Total Weeks: 9

Credits: 4

Lab:

Other:

Instructor: TBA

Office Phone:

Office Location:

Home Phone:

E-mail:

Fax:

Prerequisites

FMGT 4510 is a Prerequisite for:

Course No.

Course Name:

Course No.

Course Name

FMGT 1100 and 2100

Accounting 1 and 2

FMGT 2190

Accounting 1/2

FMGT 3510

Finance 1

Course Goals

Upon successful completion of Finance 2, the student will be able to:

- Analyze the desirability of an investment in capital assets under conditions of certainty and risk.
- Understand how a firm raises long-term capital. Determine the best way to finance a firm through a mixture of long-term debt and and/or equity.
- Understand how corporate taxes and various transaction costs impact on the capital structure of the firm.
- Set a dividend policy that will meet the twin goals of shareholder satisfaction and asset growth.
- Calculate the potential advantages and disadvantages of leasing versus buying capital assets.
- Calculate the effects of mergers and acquisitions on the value of shareholders' investments.
- Understand the financial management issues facing firms that operate in a multi-national environment.
- Understand the basic mechanics of options as well as calculate their value.
- Analyze the effect of issuing convertibles and warrants on shareholders' investments and on the issuing company.
- Analyze financial statements and the effects of cash flows on a firm's viability. Estimate a firm's need for external financing in the near future. Prepare pro-forma financial statements given certain assumptions regarding revenue and costs and their relationship to various balance sheet accounts.

Course Description

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.

Evaluation

Mid-term Examination	45%				
Final Examination	45%	-	-	-	-
Assignments/Quizzes	<u>10%</u>				
Total	<u>100%</u>	-	-	-	-
		-	-	-	-

Course Record

Developed by: J. Terry Gordon/Financial Management Date: January 2000
Instructor Name and Department (signature)

Revised by: J. Terry Gordon/Financial Management Date: January 3, 2001
Instructor Name and Department (signature)

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

BRITISH COLUMBIA
INSTITUTE OF TECHNOLOGY

Business
Program: Continuing Education

FMGT 4510
Finance 2

Effective Date

April 2001

Instructor(s) **TBA**

Office No.:
Fax No.:

Phone:
Email:

Required Text(s) and Equipment

Canadian Financial Management, 3rd Edition
Davis and Pinches
ISBN 0-673-99331-0 Addison Wesley

Study Guide to accompany the above text is **not compulsory** but may be helpful.

Financial Calculator (Sharp EL 733A is **strongly recommended**)

BCIT Policy Information for Students

- **Ethics:** Acts of cheating, plagiarism and dishonestly will not be tolerated. Refer to BCIT policy 5250 for information regarding punitive action that may result from this activity.
 - **I.D. Required In Exam Centres:** To write exams, students will be required to produce photo-identification for admittance to examination centres. Photo I.D. must be placed on the desk while writing the exam, for inspection by invigilators. Students should bring a BCIT OneCard or alternatively two pieces of identification, one of which must be government photo I.D. such as a drivers license. Refer to BCIT Policy 5300, Formal Invigilation Procedures.
 - **Make-up Exams:** The student is required to write the course's exams on the designated date and time. Permission to deviate from this is not given lightly. Refer to the attached Financial Management Department policy statement for more details.
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Assignments and Quizzes

The instructor may assign homework on a weekly basis, usually from the end of chapter problems. The instructor may also give short quizzes to supplement the assignments.

Class/Number	Material Covered	Chapter Reference
1	•Capital Budgeting I – Capital Budgeting Techniques	Chapter 7
2	•Capital Budgeting II – Application of Capital Budgeting Techniques	Chapter 8 (Omit Appendix 8A)
3	•Capital Budgeting III – Risk and Capital Budgeting	Chapter 9
4	•Raising Long-Term Funds	Chapter 10
5	•Liability Management	Chapter 11 Appendix 11A
6	•Taxes and Capital Structure	Chapter 12 Appendix 12A
7	•Dynamics of the Capital Structure Decision •Dividend policy	Chapter 13 Chapter 14
8	•Catch up and exam review	
9	•Mid-term exam (45% of course mark)	Chapters 7, 8, 9, 10, 11, 12, 13, 14
10	•Leasing	Chapter 15
11	•Mergers and Corporate Restructuring	Chapter 16
12	•International Financial Management	Chapter 17
13	•Options	Chapter 18
14	•Warrants and Convertibles	Chapter 20

Class/Number	Material Covered	Chapter Reference
15	•Analyzing Financial Statements	Chapter 25
16	•Financial Planning and Forecasting	Chapter 26
17	•Catch up and exam review	
18	•Final exam (45% of course mark)	Chapters 15, 16, 17, 18, 20, 25, 26

IMPORTANT NOTICE TO ALL STUDENTS TAKING COURSES IN FINANCIAL MANAGEMENT

POLICY ON EXAMINATIONS (EFFECTIVE SEPTEMBER 1, 2000)

Overview

Recently there has been a greater tendency for students to miss scheduled examinations. Students who miss examinations often request that they be allowed to write make-up examinations. This is often unfair to those who wrote the scheduled examination and time-consuming for the instructor who is asked to prepare alternative examinations.

In an effort to be consistent within Financial Management, the Department has adopted the following policy to deal with **mid-term and final examinations**.

POLICY

It is imperative that students write examinations on the either the scheduled day as outlined in each course outline or the date and time as determined by the Registrar during the formal examination periods. Effective September 1, 2000 the following policy will be followed by the Department:

- 1) Subject to circumstances outlined in point 2, a student who fails to write an examination on the scheduled date and time will receive a zero on that examination.
- 2) Other than in emergency situations, a student must provide his/her instructor with a reason acceptable to the instructor for missing an examination at least 24 hours prior to the scheduled time of the examination. Should such notice be given and should the reason be acceptable to the instructor, the student may, **subject to the discretion of the instructor**, be permitted to either write an alternative examination, have the marks allocated to other examinations or have an agrotat mark established.

It is the students responsibility to contact the instructor by phone, fax, e-mail etc.

It is impossible to list every acceptable reason. However, for greater certainty, reasons such as being unprepared or having too many other examinations in the same week will not be accepted. Written documentation(e.g. doctor notes) will be required in all cases of missed examinations.

Instructors are asked to promptly notify the program head or the academic coordinator of any student who misses an examination together with any supporting documentation.