



A POLYTECHNIC INSTITUTION

School of Business

Program: Business Administration

Option: International Trade and Transportation

**FMGT 4550**  
**Business Finance 2**

**Start Date:** January, 2003

**End Date:** May, 2003

**Total Hours:** 60    **Total Weeks:** 20

**Term/Level:** 3    **Course Credits:**

**Hours/Week:** 3    **Lecture:** 1    **Lab:** 2

**Shop:**                    **Seminar:**                    **Other:**

**Prerequisites**

**FMGT 3560 is a Prerequisite for:**

**Course No.    Course Name**

**Course No.    Course Name**

FMGT 3550    Business Finance 1

None

■ **Course Description**

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 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. In the second half of this course, we will examine the effect of the international environment on finance. Our decision making and analysis become more complex as we introduce the risk of international transactions into our business.

■ **Evaluation**

Midterm	50%
Final Examination	50%
<b>TOTAL</b>	<b>100%</b>

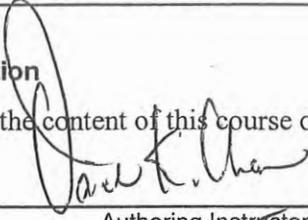
■ **Course Learning Outcomes/Competencies**

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

DEC 19/02

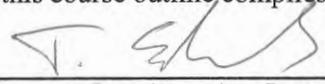
\_\_\_\_\_  
Date

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

Jan 24/03

\_\_\_\_\_  
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      E-mail Address: dchan@bcit.ca  
office door

### ■ Learning Resources

*Required:*

*Foundations of Financial Management*, Sixth Canadian Edition. Stanley Block, Geoffrey Hirt, Douglas Short. Irwin Inc. 2002.

*International Financial Management*, Second Edition, Cheol Eun, Bruce Resnick, 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 attendance policy as outlined in the current BCIT Calendar 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	Globalization <ul style="list-style-type: none"> <li>Foreign Exchange and Political Risks</li> <li>Market Imperfections</li> <li>Expanded Opportunity Set</li> </ul>	Chapter 1
10	International Monetary System <ul style="list-style-type: none"> <li>Flexible Exchange Rate System</li> <li>Current Exchange Rate Arrangements</li> <li>Euro and European Monetary Union</li> </ul>	Chapter 2
11	Balance of Payments <ul style="list-style-type: none"> <li>Balance of Payments Account</li> <li>Trends in Balance of Payment</li> </ul>	Chapter 3
12	The Market for Foreign Exchange <ul style="list-style-type: none"> <li>Function of the Foreign Exchange Market</li> <li>The Spot Market</li> <li>The Forward Market</li> </ul>	Chapter 4
13 & 14	International Parity Relationships <ul style="list-style-type: none"> <li>Interest Rate Parity</li> <li>Purchasing Power Parity</li> <li>The Fisher Effect</li> </ul>	Chapter 5
15 & 16	Futures and Options on Foreign Exchange <ul style="list-style-type: none"> <li>Futures Contracts</li> <li>Currency Options Market</li> <li>Currency Futures Options</li> </ul>	Chapter 9

Week of/ Number	Outcome/Material Covered	Reference/ Reading
17 & 18	Currency and Interest Rate Swaps <ul style="list-style-type: none"><li>• The Swap Market</li><li>• Currency Swaps</li><li>• Basic Currency Swap</li></ul>	Chapter 10
19	Review	
20	<b>Final Examination</b>	