



BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY

School of Business

Program: Management Systems

Option:

## Course Outline

**FMGT 4550**

**Finance**

**Start Date:** January, 2002

**End Date:** May, 2002

**Course Credits:** 3

**Term/Level:** 4

**Total Hours:** 54

**Total Weeks:** 18

<b>Hours/Week:</b> 3	<b>Lecture:</b> 1	<b>Lab:</b> 2	<b>Shop:</b>	<b>Seminar:</b>	<b>Other:</b>
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### Prerequisites

**FMGT 4550 is a Prerequisite for:**

**Course No. Course Name**

**Course No. Course Name**

None.

### Course Calendar Description

### Course Goals

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.

### Course Goals (cont'd.)

- determine a firm's optimal mixture of working capital, i.e., cash, receivables, inventory and short term debt.
- calculate the effects of mergers and acquisitions on the value of shareholders' investments.
- calculate the potential advantages and disadvantages of leasing versus 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.

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### Evaluation

Final Examination	50%
Midterm	50%
TOTAL	100%

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### Course Learning Outcomes/Competencies

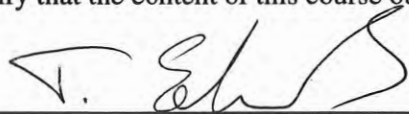
The purpose of the course is to give the student an appreciation of the role of finance in business and industry and an understanding of the interrelationships between finance and the other functional aspects of business. It is also the objective of the course to teach the student some common decision-making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

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.

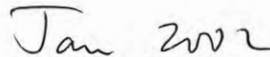
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### Course Content Verification

I verify that the content of this course outline is current, accurate, and complies with BCIT Policy.



Program Head/Chief Instructor



Date

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



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### **Instructor(s)**

David K. Chan, MBA, CA

Office No.: SE6-381

Office Phone: 6753

Office Hrs.: To be posted on office door

E-mail Address: dchan@bcit.ca

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### **Learning Resources**

#### **Required:**

Foundations of Financial Management

Stanley Block, Geoffrey Hirt, Douglas Short

Irwin Inc. 2000

Fifth 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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### **BCIT Policy Information for Students**

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### **Assignment Details**



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**Schedule**

**FMGT 4550**

**Finance**

Week of/ Number	Outcome/Material Covered	Reference/ Reading	Assignment	Due Date
1	Introduction to Corporate Finance <ul style="list-style-type: none"><li>• What is Corporate Finance</li><li>• Goals of Financial Management</li><li>• Financial Institutions, Financial Markets and the Corporation</li></ul>	Chapter 1		
2	Review of Accounting <ul style="list-style-type: none"><li>• Income Statement and Balance Sheet</li><li>• Cash Flow</li><li>• Taxes and Capital Cost Allowance</li></ul>	Chapter 2		
3	Financial Analysis <ul style="list-style-type: none"><li>• Ratio Analysis</li><li>• Use of Ratios to Analyze a Firm</li></ul>	Chapter 3		
4	Financial Forecasting <ul style="list-style-type: none"><li>• Pro Forma Income Statement</li><li>• Balance Sheet and Cash Budget</li></ul>	Chapter 4		
5	Operating and Financial Leverage <ul style="list-style-type: none"><li>• Break-even Analysis</li></ul>	Chapter 5		
6 & 7	Current Asset Management <ul style="list-style-type: none"><li>• Cash Management</li><li>• Inventory Control</li><li>• Management of Accounts Receivable</li></ul>	Chapter 7		
8	Mid-Term Exam on Chapters 1-7			
9 & 10	Valuation and Rates of Return <ul style="list-style-type: none"><li>• Valuation of Bonds, Preferred Stock and Common Stock</li></ul>	Chapter 10		
11	Cost of Capital <ul style="list-style-type: none"><li>• Calculating the Cost of Debt, Preferred Stock and Common Equity</li></ul>	Chapter 11		
12 & 13	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		

Week of/ Number	Outcome/Material Covered	Reference/ Reading	Assignment	Due Date
14 & 15	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		
16	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		
17	Common and Preferred Stock Financing <ul style="list-style-type: none"> <li>• Use of Rights</li> <li>• Use of Preferred Stock Financing</li> </ul>	Chapter 17		
18	Review			
19	Final Examination			