

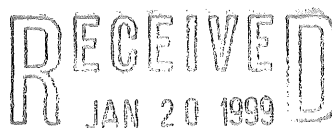


BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY

Operating Unit: Business

Program: Management Systems

Option:



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Course Outline

FMGT 4550
Finance

Start Date: December, 1998

End Date:

Course Credits: 3

Term/Level: 4

Total Hours: 54

Total Weeks: 18

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

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.

Evaluation

Final Examination	40%
Midterms (2 @ 30%)	60%
TOTAL	100%

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.



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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:

Learning Resources

Required:

Foundations of Financial Management

Stanley Block, Geoffrey Hirt, Douglas Short

Irwin Inc. 1997

Fourth 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

Assignment Details

COURSE OUTLINE

Week Lecture or Lab Number	Topic Coverage and Specific Unit Objectives	References
1 & 2	CURRENT ASSET MANAGEMENT <ul style="list-style-type: none"> • Cash Management • Inventory Control • Management of Accounts Receivable 	Chapter 7
3	SOURCES OF SHORT-TERM FINANCING <ul style="list-style-type: none"> • Use of Bank Financing, Commercial Paper, EuroDollars and Hedging 	Chapter 8
4 & 5	VALUATION AND RATES OF RETURN <ul style="list-style-type: none"> • Valuation of Bonds, Preferred Stock and Common Stock 	Chapter 10
6	MID-TERM QUIZ	Chapters 7, 8, 10
7	COST OF CAPITAL <ul style="list-style-type: none"> • Cost of Debt • Cost of Preferred Stock • Cost of Common Equity 	Chapter 11
8	CAPITAL BUDGETING <ul style="list-style-type: none"> • Internal Rate of Return • Net Present Value • Capital Cost Allowance 	Chapter 12
9	RISK AND CAPITAL BUDGETING <ul style="list-style-type: none"> • Risk Adjusted Discount Rate • Portfolio Effect 	Chapter 13
10	MID-TERM BREAK	
11	CAPITAL MARKETS <ul style="list-style-type: none"> • Markets • Equity Financing • Security Markets 	Chapter 14

COURSE OUTLINE
(continued)

Week Lecture or Lab Number	Topic Coverage and Specific Unit Objectives	References
12	INVESTMENT UNDERWRITING <ul style="list-style-type: none"> • Role of Underwriting • Pricing the Strategy • Public Offerings 	Chapter 15
13	LONG-TERM DEBT AND LEASING <ul style="list-style-type: none"> • Debt Contract • Refunding Decision • Leasing Decision 	Chapter 16
14	MID-TERM QUIZ	Chapters 11 – 16
15	COMMON AND PREFERRED STOCK <ul style="list-style-type: none"> • Voting Right • Right to Buy New Stock 	Chapter 17
16	DIVIDEND POLICY <ul style="list-style-type: none"> • Earnings • Dividend Stability • Stock Dividends • Stock Splits 	Chapter 18
17 & 18	CONVERTIBLES AND WARRANTS <ul style="list-style-type: none"> • Convertible Securities • Use of Warrants 	Chapter 19