



<b>Hours/Week:</b>	3 3/4	<b>Total Hours:</b>	45	<b>Term/Level:</b>	Degree
<b>Lecture:</b>	2 1/2	<b>Total Weeks:</b>	12	<b>Credits:</b>	3
<b>Lab:</b>	1 1/4				
<b>Other:</b>					

**Prerequisites**

**FMGT 7510 is a Prerequisite for:**

Course No.	Course Name
FMGT 4510	Finance 2

Course No.	Course Name
FMGT 8910	Integrative Business Management Practices

**Course Goals**

This course aims to give the successful student the ability to:

- analyze and evaluate a company's financial performance based on the:
  - ▶ integrated 3-part DuPont Model using internal trend data as well as comparative industry data.
  - ▶ economic value-added approach.
- recommend corrective actions in light of the previous findings, using volume, margin and leverage strategies.
- create short- to medium-term pro-forma financial statements that reflect current as well as desired performance characteristics of the firm, subject to leverage and other constraints.
- recommend alternative strategies to achieve those desired goals.
- assess the availability, the relative cost and the relative riskiness of funds raised in North American, Asian and European financial markets.
- describe the "less well known" as well as the more commonly used vehicles to raise funds in financial markets.
- design a hedging strategy that helps manage a firm's exposure to foreign exchange as well as interest rate risk. How to use options, futures, forwards, SWAPs, Treasury Management, Bank Financing, from standard forms to tailor-made.

### Course Description

This course builds upon the fundamentals of finance which are covered in the FMGT 3510 and 4510 courses. It does so by approaching the subject of finance in a more evaluative and strategic manner. In this course we try to answer such questions as:

- “What makes companies under-perform?”
- “What makes companies perform better?”
- “How can companies avoid pitfalls and achieve their goals in the short to medium terms?”

In the search for answers to these questions, it helps to know what financial markets want from companies. And, in this era of globalization, it helps to understand how a company’s “Interest Rate Risk” and “Foreign Exchange Risk” can be managed.

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### Evaluation

Final Examination	30%
Midterm Examination	30%
Term Projects and Presentation	30%
Attendance and Participation	10%
TOTAL	100%

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### Course Outcomes and Sub-Outcomes

Upon successful completion of this course, the student should be able to:

- analyze and suggest strategic and operational changes in order to improve a company’s financial performance.
- design short- to medium-term financial statements (up to 5 years) based on a company’s actual performance characteristics as well as desired performance characteristics.
- describe and compare the availability, the relative cost and the accessibility of funds when raised in North American, European and Asian financial markets.
- describe the more and less commonly used financial instruments used to raise corporate funds and evaluate their suitability given the circumstances the user of those funds is in.
- design hedging strategies that help reduce a company’s risk exposure to foreign exchange as well as interest rate risk.

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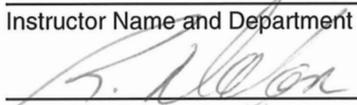
### Course Record

Developed by:   
Instructor Name and Department (signature)

Date: Dec 18/98

Revised by: \_\_\_\_\_  
Instructor Name and Department (signature)

Date: \_\_\_\_\_

Approved by:   
Associate Dean / Program Head (signature)

Start Date: January 13, 1999



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**Effective Date** March, 1998

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**Instructor(s)** C.L. Priester, BComm, MA, FCBA

Office No.: TBA  
Office Hrs.: TBA

Phone:

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### **Text(s) and Equipment**

Required:

The student will be provided with numerous handouts and a number of websites on the Internet. It is expected that the student will have to obtain a major portion of his/her course material from the Net.

Of course the student is expected to have ready access to the Internet and be familiar with its operations.

In addition the following reference texts will be on reserve in the library.

*Innovative Financing Methods in the '90s*. Publisher, Wordsworth Comm: Toronto. ISBN 1-55049-2020.

*The Canadian Experience in the U.S. High Yield Market* by Robert J. Gemmell, Vice Chairman, Merrill Lynch Canada Inc.

*Accessing U.S. Capital: Specific Transaction Types* by David G.E. Ellins. Partner, Davies, Ward & Beck.

*Everything You Always Wanted to Know About Going Public* by Insight Information.

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### **Assignment Details**

A research paper that examines availability/cost/accessibility of short to medium financing in different financial markets	15%
A research paper that describes and compares "less well known" financial instruments for raising corporate financing	15%
Midterm Examination	30%
Final Examination	30%
Attendance and Participation	10%



BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY

Schedule

Business

Program: Financial Management

Option: Accounting Degree

**FMGT 7510**  
**Advanced Finance**

Week of/ Number	Proposed Timetable and Topic Coverage (subject to change if circumstances require)
1 & 2	Introduction to the integrated approach to DuPont analysis; looking at the factors that drive a company's "Volume Factor" (Sales/Assets), i.e., aspects of asset management; drivers of a company's "Margin Factor" (NIAT/Sales), i.e., aspects of pricing strategy given market conditions; and an examination of the "Financial Leverage Factor" given the company's ability to access and to service debt burdens.
3	Using the economic value-added approach to evaluate and improve a firm's financial performance. Setting EVA targets and examining the three techniques of reaching those targets, i.e., increasing asset productivity, eliminating under-performing assets and acquiring superior assets.
4	Creating short- to medium-term pro-forma statements that reflect a company's recent performance data. Setting enhanced performance goals using DuPont and EVA criteria and recreating pro-forma statements that meet those goals and from this derive asset management, pricing and product.
5 & 6	An examination and comparison of financial markets in North America, Asia Pacific Region and Europe. We examine the money markets, i.e., availability/costs/speed of access of short-term debt financing. Capital markets in the three regions availability/costs/speed of access of medium- to long-term debt and equity financing. Euromarkets will be part of this examination. A major research project to obtain hard data on the aforementioned material will be given at this time and will have to be submitted two weeks later.
7	Midterm examination on all previously covered material. In preparation for the material to be covered the students will be given a research project to uncover and describe "less well known" and "less commonly used" instruments for raising short-, medium- and longer-term funds for corporations. These funds may be debt, equity and hybrid forms of corporate financing.
8	The students will present the results of their research (see Week 5 and 6) and comparisons, conclusions about the financial markets in the three regions will be distilled into a long-term financing strategy for corporations in the future.
9	<p>The students will present their research papers (Week 6). A class discussion of the presented material will follow.</p> <p>An introduction to managing and reducing a corporation's exposure to foreign exchange and interest rate risk management. "On balance sheet" and "off balance sheet" methods. Treasury Management.</p>

<b>Week of/ Number</b>	<b>Proposed Timetable and Topic Coverage (subject to change if circumstances require)</b>
10	A continuation of material introduced. How to use forward contracts, futures, options and other foreign exchange and interest rate derivatives.
11	A comprehensive overview of various forms of bank financing from the well known forms to the less well known forms tailor-made to the more unusual needs of the corporate borrower.
12	Final examination on previously-covered material.