



BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY

School of Business

Program: Financial Management

Option: Accounting Degree

Course Outline

FMGT 7510 Advanced Finance

Start Date: September 6, 2000

End Date: December 13, 2000

Course Credits: 3

Term/Level: Degree

Total Hours: 45

Total Weeks: 15

Hours/Week: 3

Lecture:

Lab:

Shop:

Seminar: 3

Other:

Prerequisites

FMGT 7510 is a Prerequisite for:

| Course No. | Course Name |
|------------|-------------|
| FMGT 4510 | Finance 2 |

| Course No. | Course Name |
|------------|-------------|
|------------|-------------|

Course Calendar Description

This course builds on the fundamentals of finance which are covered in FMGT 3510 and 4510. This is done by approaching the subject of finance in a more evaluative and strategic manner, looking at questions such as "what makes companies under-perform?", "what makes companies perform better?", and "how can companies avoid pitfalls and achieve their goals in the short- to- medium term?". In the search for answers to these questions, we will consider what financial markets want from companies and explore how a company's interest rate risk and foreign exchange risk can be managed.

Course Goals

See Learning Outcomes section below.

Evaluation

| | |
|------------------------------|-------------|
| Final exam | 35% |
| Mid-term exam | 35% |
| Research report/presentation | 30% |
| TOTAL | <u>100%</u> |

Course Learning Outcomes/Competencies

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

- Understand business valuation terminology and apply various basic business valuation techniques to value different types of businesses.
- Apply adjusted net present value and real options concepts to capital budgeting problems.
- Apply Dupont and Economic Value Added analyses to assess corporate financial performance. Suggest strategic and operational changes that could be implemented to improve financial performance.
- Understand the opportunities and limitations of financial risk management. Design hedging strategies to reduce a company's risk exposure.
- Evaluate various financing strategies given the current trends in the financial markets and the various financial instruments that are available to companies.

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.



Instructor(s)

J. Terry Gordon, BA, DipT, CA,
CBV

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Office Hrs.: TBA

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Learning Resources

Required:

- There is no textbook for this course however, students will be provided with numerous articles and other handouts.
- Students are expected to have ready access to the Internet for research purposes.
- Students must bring a financial calculator to class (Sharp EL-733A is highly recommended).

Recommended:

- Access to a daily or weekly financial newspaper (e.g. *National Post*, *Globe*, *The Economist*) will be useful as many of our discussions will be focused on current events in the world of finance.
- Access to standard business productivity software such as Excel, Word and PowerPoint.

BCIT Policy Information for Students

- *Ethics*: Acts of cheating, plagiarism and dishonesty will not be tolerated. Refer to BCIT policy 5250 at www.bcit.ca/~presoff/5250.htm for information regarding punitive action that may result from this activity.
- *Makeup Exams*: There will be no makeup exams. You are expected to write all exams on the scheduled dates. If you miss an exam, you will receive zero marks. Exceptions may be made for documented medical reasons or other extenuating circumstances *at the discretion of the instructor*.
- *I.D. Required In Exam Centres*: Effective December 2000, 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. Please see BCIT Policy #5300, Formal Invigilation Procedures.

Assignment Details

- Students will be required to prepare a research report and presentation. The instructor will supply detailed information regarding this assignment during the first few weeks of the course.



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Schedule

FMGT 7510
Advanced Finance

| Date | Proposed Topic Coverage (subject to change) |
|-----------------------------|--|
| September 6, 13 & 20 | <ul style="list-style-type: none">• Introductions and course orientation• Review of the fundamentals of corporate finance• Review of the math of finance• Introduction to business valuation• Earnings/cash flow approaches to valuation<ul style="list-style-type: none">○ Capitalized earnings/cash flow○ Discounted cash flow• Asset based approaches to business valuation |
| September 27 & October 4 | <ul style="list-style-type: none">• Alternative approaches to capital budgeting<ul style="list-style-type: none">○ Adjusted net present value○ Real option approach to capital budgeting |
| October 11 | <ul style="list-style-type: none">• Cleanup and exam review |
| October 18 | <ul style="list-style-type: none">• Mid-term exam (30%) - coverage TBA |
| October 25 & November 1 | <ul style="list-style-type: none">• Evaluating corporate financial performance<ul style="list-style-type: none">○ Review of DuPont analysis○ Introduction to Economic Value Added analysis |
| November 8 | <ul style="list-style-type: none">• Introduction to financial risk management.• Hedging strategies and tools to deal with<ul style="list-style-type: none">○ Interest rate risk○ Foreign exchange risk |
| November 15 | <ul style="list-style-type: none">• Research reports due• Review of capital structure theory• Discussion of current trends in the capital markets |
| November 22 & 29 | <ul style="list-style-type: none">• Student presentations |
| December 6 | <ul style="list-style-type: none">• Cleanup and exam review |
| December 13 | <ul style="list-style-type: none">• Final exam (35%) – all previously-covered material (cumulative from the beginning of the term) |