



# Business Administration

Course Number:	<b>BUAD 296</b>
Course Title:	<b>LONG-TERM CAPITAL MANAGEMENT</b>
Credits:	3
Calendar Description:	An introduction to the long-term treasury functions of business: namely, the raising of long-term capital and the evaluation of proposals for the investment of this capital. Topics include the time value of money; risk versus return; the cost of capital; capital budgeting; leasing versus purchasing; capital markets; financing with common stock, preferred stock, bonds, and retained earnings; convertible securities and warrants. <i>(also offered by Distance Education)</i>
Semester and Year:	<b>FALL 2019</b>
Prerequisite(s):	MATH 114
Corequisite(s):	No
Prerequisite to:	BUAD 350, 461
Final Exam:	Yes
Hours per week:	3
Graduation Requirement:	BBA, Finance Specialty Elective Diploma, Accounting Option Elective
Substitutable Courses:	
Transfer Credit:	CPA (credit with BUAD 195), PMAC
Special Notes:	
Originally Developed:	1994
EDCO Approval:	May 2017

**Professors**

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<b><i>Course Captain</i></b>	<b>ext. 4564</b>		
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**Learning Outcomes**

Upon completion of this course students will be able to

evaluate the funding of large capital projects by calculating the weighted average cost of capital under different corporate structures.

use Net Present Value and Internal Rate of Return techniques to evaluate proposed capital projects as well as bond refunding and lease-versus-purchase decisions.

evaluate risk using the standard deviation, the coefficient of variation of returns, and the portfolio effect.

explain various terms relating to capital markets and the functions of dealers and underwriters.

apply the marginal principle of retained earnings and residual theory to dividend declaration decisions.

calculate the effects of stock dividends, stock splits, and stock repurchases on overall shareholder wealth.

evaluate corporate investment decisions involving call and put stock purchase options, stock purchase warrants, and forward contracts used as investments and/or hedges.

evaluate the viability of corporate mergers.

explain issues involved in international financial management and perform calculations involving foreign exchange rates.

**Course Objectives**

This course will cover the following content:

See

**Evaluation Procedure**

Term Work

## Course Schedule

2019 Week of:		Wednesday, Sept 4 - Classes Start Monday, October 14 Thanksgiving (no classes) Monday, November 11 Remembrance Day (no classes) Wednesday, December 4 Last Day of Regular Classes	
Sep	3	Valuation and Rates of Return	Ch. 10
	9	Valuation and Rates of Return	Ch. 10
	16	Cost of Capital	Ch. 11
	28	The Capital Budgeting Decision	Ch. 12
	30	Risk and Capital Budgeting	Ch. 13
Oct	7	Capital Markets/Investment Underwriting	Ch. 14 15
	14	Review/ <b>Mid-term Exam (date to be confirmed)</b>	Ch. 10-15
	21	Long-Term Debt and Lease Financing	Ch. 16
	28	Common and Preferred Stock Financing	Ch. 17
Nov	4	Dividend Policy and Retained Earnings	Ch. 18
	11	Derivative Securities	Ch. 19
	18	External Growth through Mergers	Ch. 20
	25	International Financial Management	Ch. 21
Dec	2	Review	
Dec	7-18	<b>Final Exam (date to be confirmed)</b>	

This schedule is subject to change at the discretion of the instructor.

## **SKILLS ACROSS THE BUSINESS CURRICULUM**

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The Okanagan School of Business promotes core skills across the curriculum. These skills include reading, written and oral communications, computers, small business, and academic standards of ethics, honesty and integrity.

## **STUDENT CONDUCT AND ACADEMIC HONESTY**

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### **What is the Disruption of Instructional Activities?**

examinations, lectures, seminars, tutorials, group meetings, other related activities, and with students using the study for disruption of instructional activities include a range of sanctions from a warning and/or a failing grade on an assignment, examination or course to suspension from OC.