

University of Toronto; Faculty of Applied Science and Engineering.

Course Outline: Financial Management for Engineers. APS1016H. Fall 2013

Entrepreneurship, Leadership, Innovation and Technology In Engineering (ELITE) Certificate.

Instructor: Babu Gajaria

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Recommended text book:

Fundamentals of Corporate Finance. Seventh Canadian Edition. Ross, Westerfield, Jordan, Roberts. Publishers: McGraw-Hill Ryerson

Ancillary text books:

The dark side of valuation: 2nd edition 2009. Aswath Damodaran; FT Prentice Hall. *The Dark Side of Valuation, 2nd Edition: Valuing Young, Distressed, and Complex Businesses* (FT Press, ISBN-13: 9780137126897)

Valuation: Measuring and Managing the Value of Companies, 5th Edition
McKinsey & Company Inc., Tim Koller, Marc Goedhart, David Wessels
ISBN: 978-0-470-42469-8

Hardcover

811 pages

July 2010. Publishers Wiley

Course description:

The Financial Management for Engineers course will focus on valuation of public companies, in particular new technology, and new economy and natural resources companies. The students will be exposed to classical equity valuation methods; such as discounted cash flow analysis, Net asset value, fundamental analysis and relative value analysis, using measures such as P/E multiples and P/Cash flow multiples. The students will be introduced to the principles of Bond and Stock valuations with a special emphasis on its relation to the cost of capital.

The course will take an in depth view of capital budgeting, capital investment decisions and project analysis and evaluations. It will introduce students to the concept risk and return in equity markets. The students will get hands on experience in calculating cost of capital and hence the appropriate discount rate to use in valuations. Theory of optimal

capital structure and financial leverage will be discussed in addition to economic value added principles. The relevance of dividends and dividend policy will be debated in class. The concept of “does dividend policy matter” will be subject of a vigorous debate. Finally the topic of mergers and acquisitions will be covered in depth, with particular reference to recent mergers of Canadian companies.

Instructions approach will focus on case analysis, lectures and discussions, review and critical analysis of financial news.

Fall 2013, teaching schedule: APS 1016: Financial Management for Engineers

Week	Subject	Class activity
1 Sept. 9 th 2013	Introductions	PPT lectures and discussions
2 Sept. 16 th 2013	Financial statements analysis	PPT lectures and discussions. Group case assignment 1 posted on course website
3 Sept 23 rd 2013	Discounted cash flow analysis	PPT lectures and discussions. Business topics in news
4 Sept 30 th 2013	Project selection NPV or IRR?	PPT lectures and discussions
5 Oct 7 th 2013	Bond and stock valuations	PPT lectures and discussions. Case assignment 1 due
6 Oct 21 st 2013	Fundamental and relative value analysis. Co equity valuations. P/E and P/CF valuation techniques	PPT lectures and discussions. Group Case assignment 2 posted on course website

7 Oct 28 th 2013	Capital budgeting and capital investment decisions	Group project report posted on course website. PPT lectures and discussions.
8 Nov 4 th 2013	Risk and return in equity markets	PPT lectures and discussions case
9 Nov 11 th 2013	Cost of capital	PPT lectures and discussions. Case assignment 2 due
10 Nov 18 th 2013	Optimal Capital structure and financial leverage and Economic Value added (EVA) analysis.	PPT lectures and discussions
11 Nov 25 th 2013	Dividends and dividends policy	Group project report due. PPT lectures and discussions
12 Dec 2 nd 2013	Mergers and acquisitions	PPT lectures and discussions
13 Dec 9 th 2013	Final exam.	Closed book in class exam

Note no classes on Oct 14th as it is Thanksgiving Day in Canada

Course evaluations:

1. Participation: 10%
2. 2 Case analysis reports(group work): 30 %
3. Project report(group work): 35%
4. Final exam: Individual: 25%