Carleton University  
Sprott School of Business  

BUSI 4500 A & B  
Advanced Corporate Finance  
Winter 2016  

Course Information:  
Lecture Location and Lecture Time:  
Section A: Southam Hall 403, Friday 8:35 am - 11:25 am  
Section B: Southam Hall 403, Friday 11:35 am - 14:25 pm  

Course Instructor: Sana Mohsni  
Phone, Room #: (613) 520 -2600 ext 2991; DT1715  
E-Mail: sana_mohsni@carleton.ca  
Office Hours: Friday: 3 pm – 4:30 pm  

Advanced Corporate Finance  
This course represents an in-depth examination of some of the major theoretical issues in corporate finance. This course requires analyses and presentations of both articles from the finance literature and case studies.  

Prerequisites  
BUSI 3500, BUSI 3502, and BUSI 3512 (with a grade of C- or better). STAT 2607 with C- or higher. The School of Business enforces all prerequisites.
COURSE OBJECTIVES

The course has two objectives. The first objective is to probe a few selected topics in finance theory and (more importantly) the related empirical evidence that are of interest to finance managers and capital market participants. Given the breadth and depth of issues in corporate finance, it is almost impossible to cover all topics of interest. This year we will cover the following areas of particular interest and intrigue: Risk and expected returns, event analysis, Corporate Governance, Behavioral Finance, Mergers and Acquisitions, and Initial Public Offerings. The second and more important objective of this course is to provide students the opportunity to conduct empirical research on a topic that is of particular interest to them. It is expected that students taking this course have the necessary background in Statistics and Economics and are expected to read and refer to their statistics textbook during this course as well as be comfortable with Statistical functions in Excel and have working knowledge of statistical packages like SPSS.

COURSE READINGS AND MATERIAL

The course would be based on contemporary papers/assigned readings in the selected areas. Students are required to obtain copies of the papers that are listed below. In addition, interested students can read the following books as supplemental readings to augment their knowledge and to get a better understanding of the specific topics.

TEXT BOOK AND SUPPLEMENTAL READINGS


GRADING COMPONENTS

Grading Scheme and Due Dates

<table>
<thead>
<tr>
<th></th>
<th>Research Topic Submission</th>
<th>Before 5th February</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>List of Relevant Articles Submission</td>
<td>Before 12th February</td>
</tr>
<tr>
<td>3</td>
<td>Individual Literature Review</td>
<td>Due Date: 26th February 10%</td>
</tr>
<tr>
<td>4**</td>
<td>Written Research proposal</td>
<td>Due Date: 11th March 15%</td>
</tr>
<tr>
<td>5*</td>
<td>In-Class Test</td>
<td>Due Date: 18th March 30%</td>
</tr>
<tr>
<td>6**</td>
<td>Research Paper - Group presentation</td>
<td>Due Date: April 1st 15%</td>
</tr>
<tr>
<td>7**</td>
<td>Research Paper - Submission of Group Final Written Report</td>
<td>Due Date: April 8th 30%</td>
</tr>
</tbody>
</table>

* The test will be based on material covered in the lectures and from assigned readings.
** These marks would be weighted for each individual in the group based on the ratings from peer evaluation (see below).  
***Please note that final grades are subject to the dean's approval.
Group Research Project

An important objective of this course is to provide students with an opportunity to explore a topic that is of interest to them and conduct empirical research on that topic. The main benefits to students will be an opportunity to discover new evidence in an area of interest to them and the opportunity to review the current thinking and research on that topic. This research would involve a review of salient literature, discussions of some outstanding issues pertaining to the chosen topic, designing of testable hypotheses and possible empirical design and statistical tests that would be used to test the hypotheses, estimation and analysis of the results.

The research project will be done in stages. First, each group (typically no more than 5 students per group) will choose a research topic of interest, seek approval from the instructor, conduct a literature search and identify about 20 relevant papers relating to the topic. Your group should seek approval of the topic from the professor by email as soon as possible before Feb 5th. Once approval has been granted, you will then identify and compile a list of the relevant literature. The list of papers should be sent to the Professor by noon of Feb 12th. The group leader would then interact with the instructor to identify and agree on a subset of relevant articles. Each student in the group will be assigned 5 of these readings and would be expected to complete a summary and critical review of this set of readings (5 pages, double-spaced). This individual assignment is to be submitted in hard copies for grading by noon of 26th February (copies to be submitted at DT1715). Note that each day of delay would reduce your individual literature review mark by 1 per day. A copy of your individual literature review should be given to each member of the group. Based on these reviews, each group will prepare a combined literature review that will be included in the research proposal and the final report. See the Peer evaluation form below.

Between February 12th and March 11th (or earlier) the group will prepare a research proposal that shows the introduction and motivation for the study, brief outline of the key research questions and the hypotheses the group wants to pursue/test; state how the proposed work relates to existing work (based on the literature review); outline the data collection needs; and will clearly articulate the methodology (statistical tests) by which the research question (s) will be put to the test. It is expected that during this period the designated representative of the group (this means the group needs to select/elect a representative) will communicate any issues about the project to the professor. Besides, a formal meeting between the professor and all members of each group will be conducted on March 4th to assess the group’s progress and discuss any issues that the group might be facing (an email with the exact time of your meeting will be sent in due course, all members of each group are required to attend the meeting). Each group will submit hard copies of the research proposal and the research plan to the professor for grading by March 11th at noon or earlier (copies to be submitted at DT1715).

The period from March 11th through April 1st will be devoted to completing the research (econometric estimation, analysis of results, etc). A TA will be available to assist you with data search/collection. You can request a 15mn-20mn meeting with the TA on March 11th would you need assistance with data search. Each group will present the research report to the class on April 1st. It is imperative that every one attends the lecture/presentation on week 12 (April 1st). The presentations are one of the most important learning opportunities in this course. Consequently, attendance will be taken and it will form part of the individual evaluation (worth 5 marks if absent). The completed written research report is due by noon of April 8 (or earlier). It should be submitted to the professor both in hard copies (at DT1715) and soft copies. Please retain a hard copy of all work that will be submitted in this course.
There will be an in class exam on **Thursday March 18th**. You will be examined on the material covered in the lectures and on the assigned readings. *The in-class test will be marked over a two week period due to the large size of the class and test papers will be returned in the last class.*

**Tentative Schedule & Readings**

<table>
<thead>
<tr>
<th>Week #</th>
<th>Date</th>
<th>Topic</th>
<th>Readings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Jan 8</td>
<td>Mechanics of Writing a Research Paper</td>
<td>Assigned. Details of additional readings (if needed) will be provided in due course</td>
</tr>
<tr>
<td>2</td>
<td>Jan 15</td>
<td>Risk Return Models, Event Study Methodology Review of some statistical tests; Available Data bases</td>
<td>Assigned Readings</td>
</tr>
<tr>
<td>3</td>
<td>Jan 22</td>
<td>Corporate Governance</td>
<td>Assigned Readings</td>
</tr>
<tr>
<td>4</td>
<td>Jan 29</td>
<td>Initial Public Offerings</td>
<td>Assigned Readings</td>
</tr>
<tr>
<td>5</td>
<td>Feb 5</td>
<td>Mergers and Acquisitions</td>
<td>Assigned Readings</td>
</tr>
<tr>
<td>6</td>
<td>Feb 12</td>
<td>Behavioral Corporate Finance</td>
<td>Assigned Readings</td>
</tr>
<tr>
<td></td>
<td>Feb 15-19</td>
<td>Winter Break</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Feb 26</td>
<td>Meet with your group members to discuss the research proposal, no class</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Mar 4</td>
<td>Group (10-15 minutes) meeting with the Professor during class time to discuss your proposed research project;</td>
<td>The exact meeting time for your group will be sent to you in due course</td>
</tr>
<tr>
<td>9</td>
<td>Mar 11</td>
<td>Submission of Research proposal (March 11th ) Training on data base usage (contact the TA)</td>
<td>Training on data base usage (contact the TA)</td>
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<tr>
<td>10</td>
<td>Mar 18</td>
<td><strong>In-Class Test (March 18th)</strong></td>
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<tr>
<td>11</td>
<td>Mar 25</td>
<td>No class</td>
<td></td>
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<tr>
<td>12</td>
<td>April 1</td>
<td>Final Group presentations (in class)</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>April 8</td>
<td>Feedback/Discussion on Performance. Submission of Final Research Project</td>
<td></td>
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</table>
**GROUP PEER EVALUATION**

The purpose of this evaluation is to provide feedback to the Professor regarding individual group member’s contribution to the research project. This is required since, for whatever reason, some members of the group may not contribute fairly. To ensure that each member of the group gets a fair credit for his/her work, each member individually would submit the following rating for other members of the group by April 8 either by email or by hard copy (signed with the name). The marks for each individual would be averaged. Please note that if some members of the group, for whatever reason, give one individual a very low mark then that individual would have a relatively low mark. Since the professor would have no way of knowing whether this was right or wrong, these ratings would be subject to no second guessing and can not be appealed. It is strongly suggested that you keep this in mind when forming your group. Note that you do not have to submit this form if everyone did what was expected of him/her. If no such ratings are received, then each individual will receive the same mark for the final research report.

**Instructions:**

In both columns, indicate (out of 5, where 5 is excellent) the marks that you believe reflects the quality of the individual review contribution to the project.

Your name ___________________________

<table>
<thead>
<tr>
<th>Group Member Name (excluding your own)</th>
<th>INDIVIDUAL LITERATURE REVIEW (OUT OF 5)</th>
<th>OVERALL PARTICIPATION IN THE RESEARCH PROJECT (out of 5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
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<td>2.</td>
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<td>3.</td>
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<td>4.</td>
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Comments if any:
List of Readings

Readings for Session 1: Mechanics of Writing a Research Paper
Wong, Paul, “Excerpts from “How to Write a Research Proposal”, Trinity Western University, Canada

Readings for Session 2: Risk-Return Models and Event Study Methodology
Collins, D.W and W.T Dent, 1984, A comparison of Alternative testing methodologies used in capital market research, Journal of Accounting Research 22, 48-84

Readings for Session 3 - Corporate Governance

Readings for Session 4 – Initial Public Offerings

**Readings for Session 5 - Mergers and Acquisitions**


**Readings for Session 6: Behavioral Corporate Finance**


DECLARATION OF ACADEMIC INTEGRITY

Course #:  
Term and year:  
Title of project/paper:

The University Senate defines plagiarism in the regulations on instructional offenses as: “to use and pass off as one’s own idea or produce work of another without expressly giving credit to another.”

Borrowing someone else’s answers, unauthorized possession of tests or answers to tests, or possession of material designed in answering exam questions, are also subject to university policy regarding instructional offenses.

Photocopying substantial portions of a textbook (e.g. more than 1 chapter or 15% of the total page count) without the publisher's permission is another misuse of intellectual property, and is also a violation of Canadian copyright law. Access Canada's web site provides guidelines on legitimate copying. Instructional offence cases would be referred to the Associate Dean (Undergraduate Studies); individual solutions are not permitted.

I/we declare that the work submitted herewith is my/our work. All sources have been referenced in the footnotes, endnotes or bibliography. This work has not been shared with anyone outside this group.

<table>
<thead>
<tr>
<th>Signature of student</th>
<th>Everyone must sign to receive a grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Name</td>
<td></td>
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<td>Student ID</td>
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<td>Student Name</td>
<td></td>
</tr>
<tr>
<td>Student ID</td>
<td></td>
</tr>
</tbody>
</table>

Due Date

Date and hour received, if late

Penalty for delay, if applicable

ADDITIONAL INFORMATION
Course Sharing Websites
Student or professor materials created for this course (including presentations and posted notes, labs, case studies, assignments and exams) remain the intellectual property of the author(s). They are intended for personal use and may not be reproduced or redistributed without prior written consent of the author(s).

Required calculator in BUSI course examinations
If you are purchasing a calculator, we recommend any one of the following options: Texas Instruments BA II Plus (including Pro Model), Hewlett Packard HP 12C (including Platinum model), Staples Financial Calculator, Sharp EL-738C & Hewlett Packard HP 10bII

Group work
The Sprott School of Business encourages group assignments in the school for several reasons. They provide you with opportunities to develop and enhance interpersonal, communication, leadership, follower-ship and other group skills. Group assignments are also good for learning integrative skills for putting together a complex task. Your professor may assign one or more group tasks/assignments/projects in this course. Before embarking on a specific problem as a group, it is your responsibility to ensure that the problem is meant to be a group assignment and not an individual one.

In accordance with the Carleton University Undergraduate Calendar (p 34), the letter grades assigned in this course will have the following percentage equivalents:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>A+</td>
<td>90-100</td>
</tr>
<tr>
<td>B+</td>
<td>77-79</td>
</tr>
<tr>
<td>C+</td>
<td>67-69</td>
</tr>
<tr>
<td>D+</td>
<td>57-59</td>
</tr>
<tr>
<td>A</td>
<td>85-89</td>
</tr>
<tr>
<td>B</td>
<td>73-76</td>
</tr>
<tr>
<td>C</td>
<td>63-66</td>
</tr>
<tr>
<td>D</td>
<td>53-56</td>
</tr>
<tr>
<td>A-</td>
<td>80-84</td>
</tr>
<tr>
<td>B-</td>
<td>70-72</td>
</tr>
<tr>
<td>C-</td>
<td>60-62</td>
</tr>
<tr>
<td>D-</td>
<td>50-52</td>
</tr>
<tr>
<td>F</td>
<td>Below 50</td>
</tr>
<tr>
<td>WDN</td>
<td>Withdrawn from the course</td>
</tr>
<tr>
<td>ABS</td>
<td>Student absent from final exam</td>
</tr>
<tr>
<td>DEF</td>
<td>Deferred (See above)</td>
</tr>
<tr>
<td>FND</td>
<td>(Failed, no Deferred) = Student could not pass the course even with 100% on final exam</td>
</tr>
</tbody>
</table>

Academic Regulations, Accommodations, Etc.
University rules regarding registration, withdrawal, appealing marks, and most anything else you might need to know can be found on the university’s website, here:

http://calendar.carleton.ca/undergrad/regulations/academicregulationsoftheuniversity/

Requests for Academic Accommodations
For Students with Disabilities:
The Paul Menton Centre for Students with Disabilities (PMC) provides services to students with Learning Disabilities (LD), psychiatric/mental health disabilities, Attention Deficit Hyperactivity Disorder (ADHD), Autism Spectrum Disorders (ASD), chronic medical conditions, and impairments in mobility, hearing, and vision. If you have a disability requiring academic accommodations in this course, please contact PMC at 613-520-6608 or pmc@carleton.ca for a
formal evaluation. If you are already registered with the PMC, contact your PMC coordinator to send me your **Letter of Accommodation** at the beginning of the term, and no later than two weeks before the first in-class scheduled test or exam requiring accommodation (*if applicable*). After requesting accommodation from PMC, meet with me to ensure accommodation arrangements are made. The deadlines for contacting the Paul Menton Centre regarding accommodation for final exams for the December 2015 exam period is November 6, 2015 and for the April 2016 exam period is March 6, 2016.

**For Religious Obligations:**

Students requesting academic accommodation on the basis of religious obligation should make a formal, written request to their instructors for alternate dates and/or means of satisfying academic requirements. Such requests should be made during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist, but no later than two weeks before the compulsory event.

Accommodation is to be worked out directly and on an individual basis between the student and the instructor(s) involved. Instructors will make accommodations in a way that avoids academic disadvantage to the student.

Students or instructors who have questions or want to confirm accommodation eligibility of a religious event or practice may refer to the Equity Services website for a list of holy days and Carleton’s Academic Accommodation policies, or may contact an Equity Services Advisor in the Equity Services Department for assistance.

**For Pregnancy:**

Pregnant students requiring academic accommodations are encouraged to contact an Equity Advisor in Equity Services to complete a letter of accommodation. The student must then make an appointment to discuss her needs with the instructor at least two weeks prior to the first academic event in which it is anticipated the accommodation will be required.

**Academic Integrity**

Violations of academic integrity are a serious academic offence. Violations of academic integrity – presenting another’s ideas, arguments, words or images as your own, using unauthorized material, misrepresentation, fabricating or misrepresenting research data, unauthorized co-operation or collaboration or completing work for another student – weaken the quality of the degree and will not be tolerated. Penalties may include; a grade of Failure in the submitted work and/or course; academic probation; a refusal of permission to continue or to register in a specific degree program; suspension from full-time studies; suspension from all studies at Carleton; expulsion from Carleton, amongst others. Students are expected to familiarize themselves with and follow the Carleton University Student Academic Integrity Policy which is available, along with resources for compliance at: [http://www2.carleton.ca/sasc/advisingcentre/academic-integrity/](http://www2.carleton.ca/sasc/advisingcentre/academic-integrity/).

**Sprott Student Services**

The Sprott student services office, located in 710 Dunton Tower, offers academic advising, study skills advising, and overall academic success support. If you’re having a difficult time with this course or others, or just need some guidance on how to successfully complete your Sprott degree, please drop in any weekday between 8:30am and 4:30pm. Our advisors are happy to discuss grades, course selection, tutoring, concentrations, and will ensure that you get connected with the resources you need to succeed! [http://sprott.carleton.ca/students/undergraduate/support-services/](http://sprott.carleton.ca/students/undergraduate/support-services/)

Be in the know with what’s happening at Sprott: Follow @SprottStudents and find us on Facebook SprottStudents Sprott.
Important Information:
- Students must always retain a hard copy of all work that is submitted.
- All final grades are subject to the Dean's approval.
- For us to respond to your emails, we need to see your full name, CU ID, and the email must be written from your valid CARLETON address. Therefore, it would be easier to respond to your inquiries if you would send all email from your Carleton account. If you do not have or have yet to activate this account, you may wish to do so by visiting http://carleton.ca/ccs/students/

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Important Dates and Deadlines – Winter 2016
Graduate, Undergraduate and Special Students

Sessions:
- Fall term: September 2, 2015 – December 7, 2015
- Winter term: January 6, 2016 – April 8, 2016
- Fall/winter: September 2, 2015 – April 8, 2016

December 25 to January 3
University closed

January 4
University reopens

January 6
Winter-term classes begin.

January 19
Last day for registration for winter term courses.
Last day to change courses or sections (including auditing) for winter term courses.
Students who have not deposited (via automated upload) the final copy of their thesis to the office of the Faculty of Graduate and Postdoctoral Affairs must register.

January 31
Last day for a fee adjustment when withdrawing from Winter term courses or the Winter portion of two-term courses. Withdrawals after this date will create no financial change to Winter term fees (financial withdrawal).

February 12
April examination schedule available online.

February 12-20
Fall-term deferred examinations will be held.

February 15
Statutory holiday, University closed.
**February 15-19**  
Winter Break. Classes are suspended.

**March 1**  
Last day for UHIP refund applications for International Students who will be graduating this academic year.  
Last day for receipt of applications from potential spring (June) graduates.

**March 6**  
Last day to submit Formal Examination Accommodation Forms to the Paul Menton Centre for Students with Disabilities for April examinations.

**March 24**  
Last day to pay any remaining balance on your Student Account to avoid a hold on access to marks through Carleton Central and the release of transcripts and other official documents. An account balance may delay Summer 2016 course selection.

Last day for tests or examinations in courses below the 4000-level before the final examination period (see Examination Regulations in the Academic Regulations of the University section of this Calendar).

**March 25**  
Statutory holiday, University closed.

**April 1, 2016**  
Last day for receipt of applications for admission to an undergraduate program for the fall/winter session, from candidates whose documents originate outside Canada or the United States, except for applications due February 1 or March 1.

**April 8**  
Winter term ends.

Last day of fall/winter and winter-term classes.  
Last day for academic withdrawal from fall/winter and winter term courses.  
Last day for handing in term work and the last day that can be specified by a course instructor as a due date for term work for fall/winter and winter-term courses.

**April 9-10**  
No classes or examinations take place

**April 11-23**  
Final examinations in winter term and fall/winter courses may be held. Examinations are normally held all 7 days of the week.

**April 15, 2016**  
Winter Co-op Work Term Reports are due.
April 23, 2016
All take home examinations are due on this day.

June 6-16
Fall/winter and winter term deferred final examinations will be held.