



**Carleton University
BUSI 3500 A & B**

**Applied Corporate Finance
Fall 2017**

Instructor:	David Jackson	Office:	1716 DT
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Office Hours:	Thursday 10:30 – 12:30		or by appointment
Section A:	Tuesday 11:35 – 14:25	Classroom:	SA 404
Section B:	Tuesday 08:35 – 11:25	Classroom:	SA 404

Prerequisites

Grades of C- or higher in: ECON 2009 and STAT 2607, BUSI 2505 with a grade of C+ or higher. The School of Business enforces all prerequisites.

This Course is Prerequisite to

BUSI 4500, BUSI 4502, BUSI 4510, BUSI 4511 and BUSI 4512, all with grades of C- or higher.

Calendar Description

An examination of major issues in corporate finance and applied financial management. Topics include: introduction to portfolio theory, capital asset pricing model, cost of capital, capital structure and dividend policy, lease financing, capital budgeting under uncertainty, mergers and consolidations.

Course Objectives

Finance tools covered in BUSI 2504 and BUSI 2505 are applied to decisions in complex business situations. Topics include: risk, cost of capital, capital budgeting, capital structure, payout policy, and firm valuation. The course will use lectures, complemented by cases as a means of enriching student understanding of the important concepts and practices of corporate finance.

Upon successful completion of this course you will be able to:

- Identify and discuss corporate governance issues affecting corporations
- Explain risk / return trade-offs, comparing the perspective of managers making project decisions to that of outside investors evaluating the firm
- Value a firm using different valuation approaches

- Analyze long-term investment, financing and payout decisions of a business and be able to identify and discuss the theory and practice of:
 - Cost of capital
 - Capital structure
 - Dividend policy

Required Text

Aswath Damodaran, **Applied Corporate Finance: A User’s Manual**, 4th Edition, Wiley, 2014.

SUPPLEMENTARY TEXT: Foerster, Dunbar, Hatch, Shaw and Wynant, **Cases in Financial Management**, 4th Edition, Prentice-Hall, 2003. *A copy of this text is available on reserve at the MacOdrum Library.*

Grading

Case report and presentation (Group work)	10%
Case discussion (Individual & Group work)	5%
Live case study (Group work)	15%
Scrapbook Project (Individual work)	5%
Midterm Test	30% or 10%
Final Examination	35% or 55%

Term Work (Details provided in the file ‘Term Work’ on cuLearn)

- **Case report and presentation (Group work)**
- **Case preparation (Individual & group work)**
- **Case discussion (Individual & group work)**
- **Live case study (Group work)**
- **Scrapbook project (Individual work)**

Practice questions will be available on cuLearn.

Term Test

The class schedule shows the date of the midterm. In fairness to all, neither alternate test times nor a make-up term test will be administered. Students who miss the term test can have the weight of the test added to the weight of the final exam by presenting a doctor’s note or other suitable documentation.

For students who earn a higher mark on the midterm than on the final exam, the weight of the term test will be 30% and of the exam will be 40%. For students who earn a higher mark on the final exam than on the midterm, the weight of the term test will be 10% and of the exam will be 60%. Studying hard to do well on the final exam might significantly raise your course mark.

Final Exam

The final examination will test your understanding of the concepts and techniques covered in the classroom and in the textbook. The final exam is for evaluation purposes, not instruction. It will not be returned to students.

The date and location of the final exam will be announced through the University's normal procedures. Be sure that you are available for the final exam. **Allowance will not be made for conflicting travel plans.**

NOTE: The final exam will be comprehensive, covering material from the entire course. Students who earn less than 45% on the final exam will receive an "F", regardless of their total mark in the course.

Peer Evaluation: (Please submit at the end of the semester.)

Peer evaluation provides the instructor with feedback regarding the contributions of individual group members. For whatever reason, some members of a group may not contribute as much as everyone else. To help award appropriate credit to group members, each student should submit – by email or by hard copy (with your name, student number, and signature) – the rating of the members of your group for the Live Case Study and for your group's class case (research, analysis, internal group discussions, presentation and written report). The ratings for each individual will be averaged to get a weighting for distributing the marks for group work.

Based upon your estimation of the contribution of each member of the group, including yourself, distribute a total of 100 points amongst your team mates, **(The total, including yourself, should be 100)**. For example, suppose your group consists of three individuals. If you believe that one member contributed half the value and that the other two members each contributed one quarter, you should allocate one member 50 points, one member 25 points and yourself 25 points.

If I do not receive ratings from a student, I will assume that the student has chosen to distribute points equally among the group members.

What is expected of you

1. Attend lectures. Topics are cumulative and complementary. Missing a lecture could adversely affect your understanding of subsequent materials.
2. Familiarize yourself with the material in the relevant chapters of the textbook before attending lectures.
3. Individually read and prepare all the assigned cases. Then meet with your group to discuss each other's ideas and analyses.
4. Active class participation. Engage during lectures. Be prepared to ask and answer questions. Read and prepare the assigned cases and be prepared to participate in the discussion. The learning from cases comes through preparation, participation and discussion, including discussion within your group before class.
5. You will be assigned a group. Pick your group's company for the Live Case Study as soon as possible. Pick a company that has good disclosure and research coverage. To be able to do a good analysis, you should start sooner rather than later.
6. Attempt the recommended practice questions. The Applied Corporate Finance Website also provides some chapter questions. You might find it useful to try some of these.
7. Read the business section of at least one good newspaper to keep up with the latest developments in the Finance community: Globe & Mail, Report on Business; National Post; Wall Street Journal.
8. Study regularly, not only before the test and the exam. Participate actively in group work.

Best wishes, Dr. David Jackson

Course Schedule for BUSI 3500 Fall 2017

Week	Lecture / Case	Damodaran (D) Case Book (CB)
Sept. 12	Introduction; the objective of corporate finance decisions; governance issues. FIND: Group members?	D1, D2
19	Risk measurement; estimating cost of capital FIND: Group members?	D3, D4
26	Risk measurement; estimating cost of capital DUE: List of group members DUE: Choice of Live Case firm	D3, D4
Oct. 03	Capital budgeting	D5, D6
10	Midterm Test (Covers chapters 1 – 5)	
17	Capital budgeting Case: Cost of capital – Telus Corp.	D6 CB#15
24	Fall Break – NO LECTURE	
31	Valuation Case: Capital budgeting – Laurentian	D12 CB#21
Nov. 07	Valuation Case: Valuation – Rushway Brothers	D12 CB#23
14	Capital structure	D7, D8
21	Capital structure Case: Valuation – Oxford Learning Centres DUE: Scrapbook (Cover Sept. 11 – Nov. 14)	D8, D9 CB#24
28	Dividend policy Case: Capital structure – Rocky Mountain	D10, D11 CB#14
Dec. 05	Wrap up Case: Dividend policy – Champion Road DUE: Live case study	CB#22

While every attempt will be made to keep to the schedule above, circumstances may necessitate modifications during the semester.

IMPORTANT ADDITIONAL INFORMATION

COURSE SHARING WEBSITES

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

RECOMMENDED 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. Only non-programmable calculators without text storage capabilities will be allowed in the test and exam for this course.

Printed translation dictionaries are allowed, as long as they do not contain handwritten notes. Electronic translation dictionaries are not allowed.

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), letter grades assigned in this course have the following percentage equivalents:

A+ = 90-100	B+ = 77-79	C+ = 67-69	D+ = 57-59
A = 85-89	B = 73-76	C = 63-66	D = 53-56
A - = 80-84	B - = 70-72	C - = 60-62	D - = 50-52
F = Below 50			

Grades entered by Registrar:

WDN = Withdrawn from the course

DEF = Deferred

ACADEMIC REGULATIONS

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/>

ACADEMIC ACCOMMODATION

You may need special arrangements to meet your academic obligations during the term because of disability, pregnancy or religious obligations. Please review the course outline promptly and write to me with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist.

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*). **Requests made within two weeks will be reviewed on a case-by-case basis.** After requesting accommodation from PMC, meet with me to ensure accommodation arrangements are made. Please consult the PMC website (www.carleton.ca/pmc) for the deadline to request accommodations for the formally-scheduled exam (*if applicable*).

RELIGIOUS OBSERVANCE

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 and instructors can confirm accommodation eligibility of a religious event or practice by referring to the Equity Services website (<http://carleton.ca/equity/accommodation/religious-observances/>) for a list of holy days and Carleton's Academic Accommodation policies. If there are any questions on the part of the student or instructor, they can be directed to an Equity Services Advisor in the Equity Services Department for assistance.

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 – YOUR RESPONSIBILITY!

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://carleton.ca/studentaffairs/academic-integrity>.

ASSISTANCE FOR STUDENTS

Student Academic Success Centre (SASC): www.carleton.ca/sasc

Writing Tutorial Services: <http://www1.carleton.ca/sasc/writing-tutorial-service/>

The Spratt 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 Spratt 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://spratt.carleton.ca/students/undergraduate/learning-support/>

Be in the know with what’s happening at Spratt: Follow @SprattStudents and find us on Facebook SprattStudents Spratt.

CENTRE FOR STUDENT ACADEMIC SUPPORT

The Centre for Student Academic Support (CSAS) is a centralized collection of learning support services designed to help students achieve their goals and improve their learning both inside and outside the classroom. CSAS offers academic assistance with course content, academic writing and skills development. Visit CSAS on the 4th floor of MacOdrum Library or online at: carleton.ca/csas.

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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