

Master of Business Administration

Financial Management FINA 5501 A & D

2015-F2 COURSE OUTLINE

Instructor: Professor Isaac Otchere

Office DT 1712; (613) 520-2600 Ext. 2731

Email: isaac.otchere@carleton.ca

Course Schedule & Location

Session A: Thursday 11.35am– 2.25pm: DT 328

Session D: Thursday 6.05 pm – 8.55pm: DT 328

Office Hours:

Monday: 3:30–5:00pm or by appointment

Teaching Assistant:

Jacqueline Marty

Email:

JacquelineMarty@cmail.carleton.ca

TUTORIALS (NB: There will be no tutorials in the first week).

Tutorial 1: Tuesday. 6.05 pm-7.55 pm (Rm: Southam Hall 505)

Dates: week of Nov. 10, 17, 24, Dec. 1, 8, 15

Tutorial 2: Thursday 8.35 am -10.25 am (Rm: Residence Commons)

Dates: week of Nov. 12, 19, 26, Dec. 3, 10,

PREREQUISITES

ACCT5001 and BUSI5801

Course Description – Graduate Calendar

Overview of finance from the perspective of the financial manager. Corporate governance issues, financial markets, time value of money, valuation and yields of financial securities, capital budgeting, financial statement analysis, and the trade-off between risk and return.

Precludes additional credit for BUSI 5504.

Prerequisite(s): [ACCT 5001](#) and [BUSI 5801](#).

COURSE DESCRIPTION

In this increasingly complex business environment, senior executives in business and public sector organizations require knowledge of financial management. The course offers a broad *overview of finance* from the perspective of the financial manager. Starting with the premise that the goal of management is to increase the value of the firm, we will discuss the key decisions – investment and financing - that contribute to shareholder value. The *investment* side will include analysis of the capital budgeting decision. The financing aspect will focus on equities, bonds, and raising capital in general. Specifically, this course will cover: (i) financial markets, (ii) financial concepts such as time

value of money, valuation and yields of financial securities, financial statement analysis, sources of long term financing to a firm, and an overview of the risk-return tradeoffs, and (iii) some basic decision making frameworks, including capital budgeting. This course is an introductory Finance course and provides the necessary foundation for further studies in Finance.

COURSE OBJECTIVES

This course provides the participant with financial management skills and working knowledge that are essential to the effective management of corporations. The objective is to introduce participants to the fundamental concepts, processes, techniques and practices of financial management. The course explores how value can be created through investment and financing decisions, and the management of risks associated with such decisions. The aim is to (1) provide a description of corporate financial management and the role of the financial manager, (2) to discuss the role of financial markets and institutions that facilitate the process of financial management, (3) to explore the concept of the time value of money to value stocks and bonds, (4) to explore the process of making capital investment, and (5) to introduce the concepts of risk and return.

LEARNING OUTCOMES

This course is designed to enable participants to acquire a broad familiarity with the field of financial management. On successful completion of this course the participant will have mastered the fundamental financial concepts and techniques, and acquired the ability to apply the techniques to financial problem-solving and decision-making in a professional role as a manager or financial analyst. Specifically, on successful completion of this course, you would be able to:

- Explain the goal of Financial Management and the conflicts of interest between managers and owners.
- Compute the future value and present value, and apply the concept of Time value of money to real world financial situations.
- Determine the value of different securities, such as bonds and stocks.
- Develop proficiency in the areas of asset valuation and project evaluation.
- Recognize how stock prices depend on future cash flows and be able to compute stock prices using the dividend growth model.
- Compare and contrast the different criteria used to make investment decisions (Payback rule, accounting rates of return, internal rate of return, net present value rule, etc.).
- Determine the relevant cash flows for a proposed investment and apply NPV criterion using projected cash flows.
- Evaluate the merits of alternative techniques used to evaluate long term projects.
- Understand how financial markets work and know the historical rate of returns and risks on various types of investments.
- Calculate the expected return and standard deviation (risk) of investment returns and understand the risk-return tradeoff.
- Appreciate the impact of diversification and have a basic understanding of the systematic risk principle.

PEDAGOGY AND MEASUREMENT OF LEARNING OUTCOMES

The pedagogy to be employed in this course includes:

- Lectures
- Discussions
- Group Work
- Individual Exercises
- Case Studies

Learning outcomes will be measured through:

- Student's participation and contribution in class
- Class assignments
- Case Studies/Group Work
- Examinations

To facilitate the financial analysis that we will be doing in this course, a financial calculator may be needed; Texas Instruments BAI plus is recommended.

REQUIRED TEXT

TEXTBOOK:

Brealey, Myers, Marcus, Maynes, and Mitra, Fundamentals of Corporate Finance, 5th Canadian Edition, McGraw Hill Ryerson, 2012.

ADDITIONAL RESOURCES FROM THE BUSINESS PRESS

The following Web sites may be useful: [CNN Finance](#), [The Financial Times](#), [The Economist](#), the Globe and Mail, the National (Financial) Post.

TUTORIALS

Weekly tutorials will be offered in this course. The tutorials are designed to offer additional reinforcement on the topics covered. Typically, questions will be uploaded to CuLearn for students to attempt, and should they require clarification, the tutorial will offer that. If a student is fully confident and comfortable with the material, there may not be any value added with the tutorial.

However, those students who are taking finance courses for the first time are strongly advised to attend the tutorials.

GRADING

The following scoring/weighting scheme will be applied to assess performance of course participants

	<u>Marks</u>	<u>Due date:</u>
• 1 mini-case analysis (Group work)	10%	handed out 12 th /11: due 19 th /11
• 1 take home assignment (individual)	15%	handed out 19 th /11: due 26 th /11
• Quiz	20%	Nov 26
• Final Examination	50%	Dec 17
• Participation	5%	

On Case Analysis

The learning in the class will focus more on the thought process in analyzing business situations, not just on the solutions per se. In order to derive maximum benefits from the cases, it is essential that you mentally 'get inside' the case situation. Do not approach a case as you would a chapter in a book or an article in a magazine. You are not an observer, but a participant. If a case centers on a decision that needs to be made, put yourself in the shoes of the manager/decision maker. Feel the frustration he or she feels with respect to data limitations. Feel the pressures he or she feels with respect to difficult tradeoffs, limited resources, political conflicts, or whatever. Once in class, share your ideas with others.

In preparing the cases, the following simple rules may be useful:

- (1) Adopt a management posture in analyzing cases. Use the assignment questions as a guide only. Your answer should highlight what you, as a manager, see as the strengths or weaknesses in a given situation.

- (2) Familiarize yourself with the facts of the case. Outline the industry and competitive context and the core strategic tasks that the firm should excel at.

- (3) Support your analysis with facts from the case. Most cases will not contain all data you might like to have. Nevertheless, you'll be surprised at how easily you can make accurate inferences and useful assumptions if you simply give the current management the benefit of the doubt.

QUIZZES

To encourage you to keep up with the material that will be covered in the course, we will administer two quizzes that will test your understanding of the concepts. The quizzes will be about 30 minutes in duration. At the end of the lecture preceding the week of the quizzes, you will be informed of the topics that will be tested in the quiz. Note that there will be no make-up quizzes.

FINAL EXAM

The final examination will test your understanding of the concepts that will be covered in both the lecture and case components of the course. It will be held during the final examination period in December (time and location to be determined). Its format will be explained during the last week of class. Given the nature of this examination, the only valid excuse for missing the exam is one of a medical nature and must be documented by a medical certificate. If the exam is missed for medical reasons, students will have to apply for a deferred examination. Deferred examinations are normally written in February. **Practice questions that will be posted on CULearn will help you prepare for the exams.**

DROP COURSE POLICY

The deadline for academic withdrawal is the last day of classes (each term).

DEFERRED FINAL EXAMINATION

Students unable to write a final examination because of illness or other circumstances beyond their control must contact the instructor in writing to request a deferred exam. Permission may be granted when the absence is supported by a medical certificate and or appropriate document/s to support the reason for the deferral. Deferred exams are not granted for students who have made travel arrangements that conflict with examination schedule.

CULearn

We will be using CULearn frequently in this course. You should use your student ID and password to access CULearn. If you want to ask me a question electronically, you will have to send the email through MyCarleton (Connect).

TENTATIVE CLASS SCHEDULE*

Lecture	Topic	Readings
1	Overview of Corporate Financial Management & Financial Markets	BMMMM: Chps. 1 & 2
2	Time value of money & Discounted cash flow valuation	BMMMM: Chps. 5
3	Discounted cash flow valuation & Bond valuation	BMMMM: Chps. 6
4	Stock Valuation & Capital Market Efficiency	BMMMM: Chp. 7
5	Capital Budgeting Analysis	BMMMM: Chp: 8
6	Introduction to Risk and Return & Wrap up*	BMMMM: Chp 11

*While every attempt will be made to keep to the schedule listed above, unforeseen circumstances may necessitate modifications throughout the semester.

What is expected of you:

- Attend all lectures. The topics that will be covered in this course are cumulative; therefore, missing even one lecture could adversely affect your understanding of subsequent material. We will take attendance at each lecture.
- Read the relevant chapters of the textbook before attending lectures.
- Attempt all the practice questions that will be posted on CULearn.
- Submit all assignments on the due dates. The case analysis must be typed and a hard copy submitted in class. Late assignments will **NOT** be graded.
- Read the business section of at least one major newspaper to keep up with the latest developments in the Finance community, e.g., The Globe and Mail, Report on Business and/or The National Post (Daily), The *Wall Street Journal* and the *London Financial Times*.

- Active class participation. Read the assigned case to familiarize yourself with the issues contained in the material and be prepared to participate in the discussion of the material.
- Write all quizzes and exams. Note that there will be no make-up tests, assignments or exam.

Best wishes,
Dr. Otchere

IMPORTANT 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).

Policy on Mobile Devices

The use of mobile devices IS NOT PERMITTED in this class. It is disruptive to the instructor and class members. If you carry such a device to class, please make sure it is turned off. If an emergency situation requires you to keep it turned on, please discuss this with your instructor prior to class.

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, followership and other group skills. Group assignments are also good for learning integrative skills for putting together a complex task. Your instructor 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.

Person with Disabilities

Students with disabilities requiring academic accommodations in this course are encouraged to contact a co-ordinator at the Paul Menton Centre for Students with Disabilities to complete the necessary letters of accommodation. After registering with the PMC, make an appointment to meet and discuss your needs with me at least two weeks prior to the first in-class test or ITV midterm exam. This is necessary in order to ensure sufficient time to make the necessary arrangements. Please refer to <http://www.carleton.ca/pmc/> for all PMC information.

Religious Observance

Students requesting academic accommodation on the basis of religious observance 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 academic 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.

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 expulsion; suspension from all studies at Carleton; suspension from full-time studies; a refusal of permission to continue or to register in a specific degree program; academic probation; and a grade of Failure in the course, 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/>.