



**FINA 5502
WINTER 2019
CORPORATE FINANCE**

Instructor: Mr. Graham Edwards CFA MBA FCSI

Office: TBD

Office Hours: Thursday 11:30am to 1:00pm and by appointment

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Phone Number: TBD

Course Time: Monday 11:35am to 2:25pm

Location: Dunton 328

Calendar Description

Aspects of corporate finance of most concern to managers: investment, financing and payout decisions, capital structuring. Case studies will be used.

Pre-requisite

FINA 5501

Course Description

This course offers a broad overview of finance from the perspective of the financial manager. It focuses on financing securities and choices faced by the firm. From its decisions about how to raise capital, the firm's capital structure and optimal capital structure and establishing a cohesive dividend policy. This is the second of the two core courses in finance and the course is designed to meet the needs of a wide variety of students. For some, this is a terminal course in finance; for others it is a gateway course to a finance concentration. Thus, the course content covers broad but key concepts, principles, and analytical tools that are of interest to anyone who intends to work in business. The course should also help you gain an appreciation for some key areas of financial decision-making and its importance to the success of the enterprise.

Course objectives

Upon completion of this course, students will be expected to have:

1. A general understanding of the financing choices faced by the financial manager;
2. An understanding of the important risk elements and principles of diversification.
3. An understanding of the trade-offs associated with financing by way of debt and equity, and financing by way of internal sources and external sources; and,
4. An awareness of how behavioural finance can affect decision making and the implications for financial management.

Class Format

The course is comprised of six three-hour class meetings. Class time will be used in part for lectures. Class time not devoted to lectures will be used to address mini-cases and sample problems. The sessions are expected to be interactive and class participation is encouraged.

Textbook

Fundamentals of Corporate Finance, McGraw-Hill Ryerson, 9th Canadian Edition, Ross, Westerfield. Jordan, Roberts. ISM ISBN- 1259087581

Grading	
Quizzes (2@10%)	20%
Group mini-case	15%
Group assignment	20%
Final exam	45%
Total	100%

Quizzes: Two quizzes will be conducted in class. They will be short multiple-choice tests that will cover both the theory and application of topics covered in both the classes and the readings. The quizzes will be closed-book and closed-notes. Students will be allowed to use a TI BAI plus calculator only.

Group assignment: Students will be asked to form into groups of five. Each group will be asked to compare the respective approaches of two publicly traded companies along

one of the themes addressed in class (e.g. what are their respective dividend policies; why were they chosen; in what way are they different and why?) The deliverable is a maximum 1,200 word note along with a maximum 250-word executive summary. The word limits do not include the list of references, tables or figures, and material presented in appendices that properly belongs in an appendix. Groups are asked to prepare a short proposal for this assignment to be delivered at the beginning of class 2 indicating the issue to be examined and the two companies involved. The deliverable is due at the beginning of class 6.

Group case: Two groups will answer the questions at the end of an assigned mini-case. Mini-cases are found at the end of certain chapters. Assignment of mini-cases will take place after groups are formed, immediately after the first class. The deliverable is a maximum of 2-3 pages, not including any tables or spreadsheets, due at beginning of class. Be prepared to discuss the case in class.

Final exam: A final exam will be conducted in the usual MBA exam period. The final exam will be all multiple-choice and will cover material addressed in each of the classes and readings. The final exam will cover both the theory and application of topics covered in classes and the readings. The final exam is closed-book and closed-notes. Students will be allowed to use a TI BAI plus calculator only.

Exam and Quiz Attendance: If a student is unable to sit for a quiz an accommodation will be worked out between the student and the course instructor. Students who are unable to sit for the final exam may apply to write a deferred examination by discussing with the instructor. It should be noted that deferred examinations are not granted to students who make travel plans that conflict with the examination period.

Expectations

Students are responsible for material covered in class, in assigned readings and in the textbook chapters addressed in the course. This is the case even if some of the material in the assigned readings and textbook chapters is not addressed in any of the classes.

Students are expected to acquire the economic intuition of financial concepts and to perform mathematical calculations.

Students are expected to complete the assigned readings before each class and to arrive at each class prepared to discuss and apply the material in the assigned readings.

Finance cannot be learned without solving problems. Suggested end-of-chapter problems will be identified. While there is no requirement to hand in your work on these problems it is strongly recommended that you try them as this will help you build the skills

necessary to do well in the quiz and final exam. Group work on the sample problems is encouraged.

Course Schedule

Date	Topic	Chapter
Jan. 7th	Return, Risk, and the Security Market Line	13
	Cost of Capital	14
Jan.14th	Cost of capital Mini-Case-due – Chap. 14- Ingersoll/Tesla -Groups #1, #2 Group assignment proposal due	14
	Making Capital Investment Decisions	10
Jan. 21st	Quiz#1 Making Capital Investment Decisions	10
	Mini-Case-due- Chap. 10- Glencolin Intl. Part 1- Groups #3, #4	
	Raising Capital	15
Jan. 28th	Raising capital	15
	Dividends and Dividend Policy	17
	Mini-Case-due- Chap. 15- Regina Air goes Public-Groups #5, #6	
Feb. 4th	Quiz#2 Financial Leverage and Capital Structure	16
	Mini-Case-due- Chap.17-Kelowna Microchip Inc.- Group #7	
Feb.11th	Behavioural Finance: Implications for Financial Managers	26
	Mini-Case: Your Pension Plan at Tuxedo Air- Class discussion Group Assignment Due	

ADDITIONAL INFORMATION

Course Sharing Websites

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:

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/>

Requests for Academic Accommodation

You may need special arrangements to meet your academic obligations during the term. For an accommodation request, the processes are as follows:

Pregnancy obligation

Please contact your instructor 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. For more details, visit the Equity Services website:

carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf

Religious obligation

Please contact your instructor 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. For more details, visit the Equity Services website:

carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf

Academic Accommodations for Students with Disabilities

If you have a documented disability requiring academic accommodations in this course, please contact the Paul Menton Centre for Students with Disabilities (PMC) at 613-520-6608 or pmc@carleton.ca for a formal evaluation or contact your PMC coordinator to send your instructor your Letter of Accommodation at the beginning of the term. You must also contact the PMC 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 your instructor as soon as possible to ensure accommodation arrangements are made. carleton.ca/pmc

Survivors of Sexual Violence

As a community, Carleton University is committed to maintaining a positive learning, working and living environment where sexual violence will not be tolerated, and is survivors are supported through academic accommodations as per Carleton's Sexual Violence Policy. For more information about the services available at the university and to obtain information about sexual violence and/or support, visit: carleton.ca/sexual-violence-support

Accommodation for Student Activities

Carleton University recognizes the substantial benefits, both to the individual student and for the university, that result from a student participating in activities beyond the classroom experience. Reasonable accommodation must be provided to students who compete or perform at the national or international level. Please contact your instructor 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.

<https://carleton.ca/senate/wp-content/uploads/Accommodation-for-Student-Activities-1.pdf>

For more information on academic accommodation, please contact the departmental administrator or visit: students.carleton.ca/course-outline

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 on 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: <https://carleton.ca/registrar/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 are 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/learning-support/>

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, in order to respond to your inquiries, please send all email from your Carleton CMail 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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