

FINANCIAL MANAGEMENT FINA 5501 A&B

FALL 2024 COURSE OUTLINE

Instructor: Professor Isaac Otchere Office NI 6035; (613) 520-2600 Ext. 2731
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Course Schedule **Section A: Monday 11.35 am– 2.25pm**

Office Hours: **Wednesday: 3:30–5:00pm**

Modality: **In-Person**

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

Tutorials: Monday: 9.35 am-11.25 am;

Teaching Assistant: Yifan Yang: yifanyang4@cmail.carleton.ca

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 trade-offs, 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:

- Discuss the goals of Financial Management and the conflict of interest that exists 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.
- Calculate the value of different securities, such as bonds and stocks.
- Evaluate the viability of projects.
- Estimate 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.).
- Contrast the merits of alternative techniques used to evaluate long-term projects.
- Summarize 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 trade off.

PEDAGOGY AND MEASUREMENT OF LEARNING OUTCOMES

To ensure that there is a balance between theory and practice, the pedagogy to be employed in this course includes:

- Lectures & discussions
- Group work
- Case analyses & case study syndicate presentation
- Individual exercises

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, Mitra and Gajurel, Fundamentals of Corporate Finance, 8th Canadian Edition, McGraw Hill Ryerson, 2020. The 7th edition is equally good. E-version of the textbook is available for purchase from the publisher’s website or from the bookstore.

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 Brightspace 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 take home assignment (individual)	15%	Due week of Nov 11
• Quiz	15%	Due week of Nov 18
• Take home group case analysis	15%	Due week of Dec 2
• Final Examination	45%	Due week of Dec 9
• Participations	10%	

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 trade-offs, 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.

INDIVIDUAL ASSIGNMENT

The assignment is an individual homework consisting of a set of problems. It will test your understanding of material covered in class and will prepare you for the final exam.

Late Assignments:

The assignment deadlines are at least one week after the completion of related course material (sometimes more) and as such, should be sufficient. Yet, sometimes, despite our best efforts, and for good reasons, we can't meet our deadlines. You have two days of grace that you can apply to missed assignment deadlines. For example, a single assignment may be two days late or two assignments may each be one day late with no penalty. No reason required. No questions asked. That said, I need an email by the deadline indicating you will be late, but plan on submitting. Once the two days have been used, no further lateness will be accepted and any late submissions at that stage will receive a mark of 0.

QUIZ

To encourage you to keep up with the material that will be covered in the course, I will administer one quiz that will test your understanding of the concepts. The quiz will be about 30 minutes in duration. At the end of the lecture preceding the week of the quiz, you will be informed of the topics that will be tested.

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. Practice questions posted on Brightspace will help you prepare for the exams. 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.

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 will not be granted for students who make travel arrangements that conflict with the examination schedule.

Brightspace

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

TENTATIVE CLASS SCHEDULE*

Lecture: Week Beg	Topic	Readings
1: Oct 28	Overview of Corporate Financial Management & Financial Markets	BMMML: Chps. 1 & 2
2: Nov 4	Time value of money & Discounted cash flow valuation	BMMML: Chp. 5
3: Nov 11	Bond valuation (Assignment 1 is due)	BMMML: Chp. 6
4: Nov 18	Stock Valuation & Capital Market Efficiency (Quiz 1 is due)	BMMML: Chp. 7
5: Nov 25	Capital Budgeting Analysis	BMMML: Chp: 8
6: Dec 2	Introduction to Risk and Return (Assignment 2 is due)	BMMML: Chp: 11
7: Dec 9	Final Exam	

NOTE: The final exam will be comprehensive, covering material from the entire course. If you obtain less than 50% on the final exam, you will receive an “F” grade regardless of your total marks in the course. Students who do not demonstrate a minimum level of performance during the term will not be allowed to defer the final exam. The requirement for satisfactory in-term performance is an overall mark of 50% or better on the assignments and quiz. Students with unsatisfactory in-term performance who miss the final exam will be awarded FND for the course.

In accordance with the Carleton University Graduate 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

Preparation and Participation:

Attendance is mandatory for lecture/discussions, student presentations, and other course components that are designed for delivery in real-time. Review the videos (if available) and review the course material in preparation for the lectures.

Contribution to Program Learning Goals ([MBA](#)):

MBA Learning Goal	Not Covered	Introduced	Taught but Not Assessed	Taught <u>and</u> Assessed
MB1 Leadership and Collaboration <i>Graduates will be equipped for leadership and collaboration.</i>				✓
MB2 Communication <i>Graduates will be effective communicators</i>			✓	
MB3 Critical Thinking and Problem Solving <i>Graduates will be skilled in critical thinking and problem solving.</i>				✓
MB4 Functional Knowledge <i>Graduates will have functional knowledge of all areas of business.</i>				✓
MB5 Global Business <i>Graduates will have an appreciation of the global environment of business.</i>		✓		
MB6 Ethical Reasoning <i>Graduates will be skilled in ethical reasoning and decision-making.</i>			✓	

ADDITIONAL INFORMATION

Course Sharing Websites:

Materials created for this course (including presentations and posted notes, 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).

Recommended Calculator for 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 Spratt School of Business encourages group assignments. They provide you with opportunities to develop and enhance interpersonal, communication, leadership, followership and other group skills. Group assignments are also an effective way to learn integrative skills for putting together a complex task. Your professor may assign one or more group tasks, assignments, or 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.

Peer Evaluation for Group Work

To deter social loafing and ensure fairness in grading, you will be asked to assess the contribution of your fellow group members. This information will be used when assigning the grade for the final project. The procedure is as follows: Each student should take 100 points and allocate those points to the various members of the group (including him or herself) to reflect the contributions made by each member. For instance, if there are four members in a group and everyone contributed equally, each individual would receive 25 points. Conversely, if an individual contributed relatively little, the remaining group members might allocate few points to that member. To ensure that these peer evaluation scores are reasonable and free from personal bias, you will be asked to provide a detailed written explanation for your point allocation. You don't have to provide the peer evaluation if each group member contributed equally to the project.

Letter Grades:

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	F = Below 50
A = 85-89	B = 73-76	C = 63-66	D = 53-56	
A - = 80-84	B - = 70-72	C - = 60-62	D - = 50-52	

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**

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: <https://carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf>

- **Religious Obligations**

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: <https://carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf>

- **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. <https://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 its 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: <https://carleton.ca/sexual-violence-support/>

- **Student Activities**

Carleton University recognizes the substantial benefits, to both the individual student and the university, that result from participating in activities beyond the classroom experience. Reasonable accommodation will 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 school administrator or visit: <https://students.carleton.ca/course-outline/>

Academic Integrity:

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—are a serious academic offence, 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/>

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: <https://carleton.ca/csas/>

Other 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 email account. If you do not have or have yet to activate this account, you can do so by visiting <https://carleton.ca/its/get-started/new-students-2/>
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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 Brightspace.
- 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
