



FINA-5502D
Corporate Finance
Winter 2019 (W1-2019)
Thursdays, 6:00pm-9:00 pm, DT-328

Instructor: Jesus Sierra Jimenez
Office: DT-919
Phone: (343)777-8308
Email: JesusJimenez@cunet.carleton.ca
Office Hours: By appointment

Course calendar entry from 2018/2019 graduate calendar: Aspects of corporate finance of most concern to managers: investment, financing and payout decisions, corporate restructuring. Case studies will be used.

Course Description: This course is designed to provide an introductory framework for understanding the choices made in financial markets by investors and corporations. It focuses on the evaluation of prospective investments; the determination of a fair, risk-adjusted required return for a firm or project; the financing choices faced by the firm; its decisions about capital structure and other concepts such as dividend policy. Lectures will provide an overview of important concepts, practical applications, and the skills required to solve quantitative problems in finance. By the end of the course you should be familiar with the vocabulary, theory, and computational skill set used by finance professionals.

Course Prerequisites: FINA-5501

Textbook(s): Ross, S., Westerfield, R., Jaffe, J. and Roberts, G., *Corporate Finance*, 7th Canadian Edition, (2015), ISBN-13: 9780071339575. (RWJR)

Final Exam date: Thursday, February 28th, 2019, from 6:00 pm to 9:00 pm

Drop Course Policy: The deadline for academic withdrawal is the last day of classes (each term)

Grading Scheme:

Quizzes (4@5.5%)	22%
Background material assignment	3%
Group assignment	18%
Group presentation	7%
Final Exam	50%

TOTAL 100%

Quizzes: Four (4) 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 Texas Instruments BA II plus calculator only.¹

Background material assignment: There will be one assignment, to be handed-in *individually* (i.e., by each student) at the beginning of the second class, that will cover concepts and analytical/mathematical techniques that must have been learned over prerequisite courses by the student. It is meant to be a refresher of the mathematical tools and analytical techniques necessary for understanding the material to be covered in FINA-5502.

Group assignment: Students will be asked to form into groups of four (4). 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 factors can explain the different capital structure choices by each firm? why do the firms have different levels of systematic risk ?) 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. Groups will present the results of their work to the class in the second half of class 6.

Final exam date: The final exam will be conducted in the usual MBA exam period; for the 2019-W1 term, it will be on *Thursday, February 28th, 2019*, at the normal class time (6-9pm). The final exam will be all multiple-choice and will cover material (both theory and applications) addressed in each of the classes and readings. The final exam is *closed-book and closed-notes*. Students will be allowed to use a Texas Instruments BA II Plus calculator only.

Preparation and participation/class format: The course is comprised of six (6) three-hour class meetings. Class time will be used for lectures, discussion, presentations and quizzes. The sessions are expected to be interactive and class participation is encouraged. As well, students are expected to *read the pertinent book chapters*, as indicated in the class schedule below, before each class.

Missed assignments and deferred examination: 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 the Registrar's Office to write a deferred examination. Deferral of the final examination will only be granted to students showing satisfactory in-term performance. Please also see Sections 2.4, 2.5 and 2.6 of the Undergraduate Calendar. It should be noted that deferred examinations are not granted to students who make travel plans that

¹ <https://education.ti.com/en/products/calculators/financial-calculators/baii-plus>

conflict with the examination period.

Deferred Final Examination: Students unable to write a final examination because of illness or other circumstances beyond their control must contact the instructor *and* the MBA office 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.

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 quizzes and final exam. Group work on the sample problems is encouraged.

Course Schedule: Due to time constraints, class progress and/or desired emphasis by the instructor, not all chapter materials *may* be covered in class and the exposition of some topics might extend into the following session. As such, the course schedule below is *tentative*, although we will do our best efforts to follow it closely. *Students are responsible for the entire content of each chapter of the textbook as well as all additional topics discussed in class*, except for those areas specifically excluded by the instructor.

Week	Date	Topic/Agenda	RWJR Chapter #
1	1/10/2019	Introduction. <i>Very quick</i> review of 5501 concepts. Risk and Return, historical perspective, CAPM	10,11
2	1/17/2019	Risk and return: CAPM (cont'd), APT ⇒ Background material assignment due ⇒ Group assignment proposal due	11,12
3	1/24/2019	Risk, return and Capital Budgeting Capital Structure: basic concepts ⇒ Quiz # 1	13 16
4	1/31/2019	Capital Structure: limits to the use of debt Valuation and Capital Budgeting for the Levered firm ⇒ Quiz # 2	17 18
5	2/7/2019	Options and Corporate Finance; Real Options ⇒ Quiz # 3	9.4 , 23, 24
6	2/14/2019	Dividends and other payouts. Review ⇒ Quiz # 4 ⇒ Group assignment due and group presentations	19

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: <https://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: <https://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. <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/>

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: <https://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:

<https://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/>