

General Course Information

Course Title: FINA 5502

Corporate Finance

Credit Weight: 0.25 credits

Prerequisites: FINA 5501

1. Course Description

Aspects of corporate finance of most concern to managers: investment, financing and payout decisions. Case studies will be used. Includes: Experiential Learning Activity.

2. Course Rationale

This course offers a broad overview of finance from the perspective of the financial manager. It focuses on investment and financing choices faced by the firm as well as its decisions about capital structure and 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. 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.

3. Course Learning Objectives

After successfully completing this course, you will be able to:

CO1. Assess risk, measure expected return and analyze the trade-off between risk and return.

CO2. Apply the Capital Asset Pricing Model (CAPM) to measure expected return.

CO3. Use the discounted cash-flow technique to make investment decisions.

CO4. Assess the financing choices faced by the firm.

CO5. Calculate the cost of equity, cost of debt, and weighted average cost of capital (WACC) of the firm

CO6. Determine the trade-off between debt versus equity in the capital structure of the firm

CO7. Explain how to determine the optimal capital structure of the firm.

CO8. Assess the dividend policy of the firm and the various ways that the firm can use to return capital to its shareholders.

4. Course Schedule

Please regularly check and log into Brightspace to review new content. Configure your personal notifications to opt into course announcements so that they will be emailed to your Carleton email address.

Module	Topics	Materials	Deliverable
1	Risk and Return	Ch. 11&12	Task #1 Live Case Study
2	Cost of Capital	Ch. 13	Task #2 Live Case Study
3	Using DCF to Make Investment Decisions	Ch. 9	Task #3 Live Case Study
4	Raising Capital	Ch. 15	Quiz #1 Task #4 Live Case Study
5	Leverage and Capital Structure	Ch. 16	Task #5 Live Case Study
6	Dividend Policy	Ch. 18	Quiz #2 Task #6 Live Case Study
7	Final Exam		

5. Learning Materials

Textbook

Brealey, Myers, Marcus, Maynes, and Mitra, *Fundamentals of Corporate Finance*, McGraw-Hill Ryerson, 7th Canadian Edition. You can purchase a desk-copy or the e-book.

If you have not purchased the textbook yet, you can purchase a custom-made course-pack which has been created specifically for FINA 5502. The course pack contains all chapters to be covered in FINA 5502. If you have already purchased a desk copy or the e-book, you do not need to purchase the course pack.

To purchase the course-pack, please use the link below:

<https://www.mheducation.com/highered/custom/product/9781307868821.html>

Other Resources

It is highly recommended that you read the business section of at least one major newspaper (e.g. The Globe & Mail, Report on Business or The National Post (Daily), and The Wall Street Journal) to keep up with the latest developments in the Finance community.

6. Grading Scheme

Activity	Scored Out of	Percent of Total Grade
Quiz #1	100	10%
Quiz #2	100	15%
Live Case Study	100	35%
Final Exam	100	40%
TOTAL		100%

Quizzes (individual work): To encourage you to keep up with the course material and to assess your understanding of concepts covered in class, two quizzes will be administered in this course. Each quiz will be 20-30 minutes in duration and will consist of multiple choice questions that will test your understanding of the theory and application of corporate finance. Quiz#1 will test you on material covered in Modules 1, 2, and 3, and Quiz#2 will test you on material covered in Modules 4 and 5. Quizzes are closed books but students are expected to use a TI BAIL plus calculator or equivalent during the quiz.

Live case study (Group work): Throughout the course, each student will work in a group to investigate the financial aspects of a US or a Canadian company listed on the NYSE or the Toronto Stock Exchange (TSX). Select your group on the first week and elect a group leader. The group leader will email the list of your group members to the instructor and will communicate with the instructor if you have any questions about this assignment. Within your group select a publicly traded company (NYSE or TSX), on which you will be conducting the live case study and send the name of the company to the instructor for approval. This should be done by the end of the first week of classes. The goal of this exercise is to provide you with an opportunity to apply the concepts that will be discussed in class to a real company and to evaluate whether the company is making sound corporate decisions. Details of this assignment will be provided in a separate handout available on Brightspace. Also, an example of a completed assignment will be available on Brightspace for your perusal. Sedar.com is a good source of information on companies listed on the TSX. The final report of the live case study is to be submitted using the appropriate Dropbox on Brightspace.

Final exam: A final exam will be conducted online via Brightspace on week #7. It will be a 2-hour exam and it will be a mix of multiple-choice questions and problems and will test your knowledge of the theory and applications of corporate finance covered in class and in the readings. The final exam is closed-book and closed notes. Students will be allowed to use a financial calculator. Practice questions that will be posted on Brightspace will help you prepare for the exam.

Expectations:

1. View all pre-recorded lectures and *interact with your classmates in forums and class discussions*. The topics that will be covered in this course are cumulative. Missing a lecture could adversely affect your understanding of subsequent materials.
2. Assemble a group and pick your company for the Live Case Study as soon as possible. You should 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.
3. Read the relevant chapters of the textbook before each lecture.
4. Attempt the assigned practice questions. You may browse the *Fundamentals of Corporate Finance Website* and try some of the chapter questions.
7. Read the business section of at least one major newspaper (e.g. The Globe & Mail, Report on Business or The National Post (Daily), and The Wall Street Journal) to keep up with the latest developments in the Finance community.
8. Write all quizzes and the exam. Participate actively in your group work.
9. You are responsible for material covered in class and in the textbook chapters addressed in the course.

sample