



FINA 5502 A, D
WINTER 2018
CORPORATE FINANCE

Instructor: Mike McIntyre, PhD, CPA, CA

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Office Hours: By appointment

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Section A: Tuesday 11:35AM – 2:25PM in DT328

Section D: Thursday 6:05PM – 8:55PM in DT328

Calendar Description

Aspects of corporate finance of most concern to managers: investment, financing and payout decisions, corporate restructuring. 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, its decisions about capital structure and dividend policy as well as working capital management. 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 traditional securities that are used as well as some hybrid securities and corresponding issues;
3. An understanding of the tradeoffs associated with financing by way of debt and equity, and financing by way of internal sources and external sources; and,

4. An awareness of issues related to short term financing and working capital and its components.

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

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

Grading

| | |
|--------------------|------|
| Quizzes (4@5%) | 20% |
| Group assignment | 20% |
| Group presentation | 10% |
| Final exam | 50% |
| Total | 100% |

Quizzes: Four 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 BAII plus calculator only.

Group assignment and group presentation: 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. Groups will present the results of their work to the class in the second half of class 6.

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 BAII 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 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 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. 9/11 | Risk and return | 11, 12 |
| Jan.16/18 | Cost of capital Group assignment proposal due | 13 |
| Jan. 23/25 | Using DCF to make investment decisions | 9 |
| Jan. 30/Feb. 1 | Raising capital, Dividend policy | 15, 18 |
| Feb. 6/8 | Leverage and capital structure | 16 |
| Feb.13/15 | Options Group assignment due | 25, 10.4 |

ADDITIONAL INFORMATION

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.

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).

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

The Paul Menton Centre for Students with Disabilities (PMC) provides services to students with Learning Disabilities (LD), psychiatric/mental health disabilities, Attention Deficit Hyperactivity Disorder (ADHD), Autism Spectrum Disorders (ASD), chronic medical conditions, and impairments in mobility, hearing, and vision. If you have a disability requiring academic accommodations in this course, please contact PMC at 613-520-6608 or pmc@carleton.ca for a formal evaluation. If you are already registered with the PMC, contact your PMC coordinator to send me your Letter of Accommodation at the beginning of the term, and no later than two weeks before the first in-class scheduled test or exam requiring accommodation (if applicable). Requests made within two weeks will be reviewed on a case-by-case basis. After requesting accommodation from PMC, meet with me to ensure accommodation arrangements are made. Please consult the PMC website (www.carleton.ca/pmc) for the deadline to request accommodations for the formally-scheduled exam (if applicable).

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: <https://carleton.ca/registrar/academic-integrity/>

Important dates and deadlines

<https://sprott.carleton.ca/students/mba/dates-deadlines-policies/>