



Carleton
UNIVERSITY

SPROTT
SCHOOL OF BUSINESS

FINA 5502 A, D
WINTER 2020
CORPORATE FINANCE

Instructor: Sana Mohsni, PhD,
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Section A: Thursday 11:35AM – 2:25PM in DT328
Section D: Thursday 6:05PM – 8:55PM in CB2104

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, 6th Canadian Edition.

Grading		Due Date
Quizzes (2@15%)	30%	Jan 30 & Feb 13
Case analysis and presentation	15%	
Live case analysis	15%	Feb 15 at midnight
Final exam	40%	Feb 27
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 class. The quizzes will be closed-book and closed-notes. Students will be allowed to use a TI BAII plus calculator or equivalent. . At the end of the lecture preceding the week of a quiz, you will be informed of the topics that will be tested. Note that there will be no make-up quiz.

Case analysis (Group work): One of the most important requirements for this course is a thorough preparation and analysis of the assigned case and active participation in the classroom. Therefore, you should form your group on the first day of class. Each group will have 5 members. You are responsible for choosing your teammates. One of the group members should email your group list to the instructor soon after the first class. Cases will be assigned after the first class. Each group will be responsible for analyzing, preparing a detailed write-up, and presenting the assigned case to the class. The write-up will be word-processed and professionally written with a maximum length of 3000 words (excluding appendices). The first page of your report will consist of an executive summary of the group's analysis and recommendations. The subsequent pages will document the analysis and reasoning. Numerical analyses that are referred to in the write-up should be provided as appendices. The group also will give a verbal presentation of the case on the dates indicated in the class schedule outlined below. The group will hand in the case report at the beginning of the class presentation.

Cases will be evaluated using the following criteria:

- a. Thoroughness of preparation (as revealed in class discussion and written report)
- b. Knowledge and application of relevant theories and techniques
- c. Ability to present a well-prepared analysis
- d. Ability to formulate and present sound diagnosis and recommendations
- e. Ability to identify strengths and weaknesses in the analysis, diagnosis, recommendations and criticisms of other students' work

Case preparation: 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 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 tradeoffs, 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.

Live case study (Group work): Throughout the semester, each student will work in a group to investigate the financial aspects of a Canadian company listed on the Toronto Stock Exchange. Select your company after the first class and email it to the instructor. 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 maximizing value for its shareholders. Details of this assignment will be provided in a separate handout available on CuLearn. Sedar.com is a good source of information on companies listed on the Toronto Stock Exchange. This assignment should be submitted to me 48 hours after the last class.

Final exam: A final exam will be conducted in the usual MBA exam period. The final exam will be a mix of multiple-choice questions and problems, 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 in the readings. The final exam is closed-book and closed-notes. Students will be allowed to use a TI BAII plus or equivalent non-programmable calculator. Practice questions that will be posted on CuLearn will help you prepare for the exams. 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. **Allowance will not be made for conflicting travel plans.**

Expectations

1. Attend all lectures. The topics that will be covered in this course are cumulative. Missing a lecture could adversely affect your understanding of subsequent materials. I will take attendance of students at each lecture.
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 attending lectures. You 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.
4. Attempt the assigned practice questions. 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.
5. Individually read and prepare the case assigned to your group. Then meet with your group to discuss each other's ideas and analyses.
6. Active class participation. Much of the learning comes through participation and discussion, including discussion within your group before class.
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.
10. You are expected to acquire the economic intuition of financial concepts and to perform mathematical calculations.

Course Schedule

Week	Date	Topic	Chapter
Week1	Jan 9	Risk and return	Ch. 11&12
Week 2	Jan 16	Cost of capital Case#1: Cost of Capital -Telus Corp	Ch.13
Week 3	Jan 23	Using DCF to make investment decisions Case #2: Capital Budgeting – Laurentian Bakeries	Ch. 9
Week 4	Jan 30	Raising capital Case #3: Oxford Learning Centre Inc Quiz #1	Ch. 15
Week 5	Feb 6	Leverage and capital structure Case #4: Capital Structure – Rocky Mountain	Ch. 16
Week 6	Feb 13	Dividend policy Case #5: Dividend Policy – Champion Road Quiz #2	Ch. 18

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 Spratt 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. 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: 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/>

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 <https://carleton.ca/its/get-started/new-students-2/>
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Important dates and deadlines

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