



FINA 5502 P
CORPORATE FINANCE

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Course meets: Friday, January 24, 2020 from 8:30am-5:30pm in CB3101
Saturday, January 25, 2020 from 8:30am-5:30pm in CB3101

Calendar Description:

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

Prerequisite(s): FINA 5501.

Course Description and Objectives:

This course offers a broad overview of finance from the perspective of the financial manager. It focuses on relationship between risk and return, capital budgeting, 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 array of students; many may not have any interest in choosing Finance as their area of concentration. Thus, the content of this course 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.

Textbook:

Brealey, Myers, Marcus, Maynes, and Mitra, *Fundamentals of Corporate Finance*, McGraw-Hill Ryerson, 6th Canadian Edition., 2016.

Grading Scheme:

Pre-class group project (due January 24, 2020)	20%
Participation	10%
Case study presentation (in-class)	15%
In-class quizzes	15%
<u>Final exam (due January 31, 2020)</u>	<u>40%</u>

Total 100%

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 as well as some hybrid securities and corresponding issues
3. an understanding of tradeoffs between debt and equity as well as between internal and external financing

Method of instruction:

Class sessions entail a mixture of lectures, cases, problems and class discussion. The content of any lecture presumes and expects you have carefully studied the assigned reading or chapters and are prepared for each class. The sessions are expected to be interactive and class participation from each one of you is expected and encouraged.

Due to time constraints, not all chapter material will be covered in class. 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.

Expectations:

The course will require you to both understand the economic intuition of financial concepts and to perform mathematical calculations.

- 1) **Pre-class group project:** There will be a pre-class group project (to be posted on the course cuLearn page in early January). The main purpose of the project is to review the material covered in Financial Management (FINA 5501) as it is directly related to the material discussed in this class. Project is **due January 24, 2020**.

Project is due on the first day of classes. Late submissions will not be accepted and will receive a grade of zero. Group projects are to be submitted via cuLearn and are to be done in groups of 4 students.

- 2) **Quizzes:** Quizzes are designed to focus on material that was just covered. They will be approximately **20 minutes** in length and will consist of a number of **multiple-choice** questions.
- 3) **Group presentation:** Each group of 4 people will be assigned a case to analyze and present. The cases will be posted on cuLearn prior to the class meeting (in early January) and the presentations will take place during the second day of classes.
- 4) **Final exam:** The final exam will cover both the theory and application of topics covered in classes and the readings. The final examination is a take home exam. The final exam will consist of short essay/problem type questions. The final exam should be submitted via cuLearn no later than **January 31, 2020**.

Course Schedule

Date	Topic	Chapters in Brealey et al.
Friday, January 24	Pre-class group project due date	
Friday, January 24	Risk and return	11, 12
	Cost of capital	13
	Using DCF to make investment decisions	9
	Quiz 1	
Saturday, January 25	Raising capital	15
	Leverage and capital structure	16
	Dividend policy	18
	Options	25
	Quiz 2	
Friday, January 31	Final exam due date	

Useful FINA 5501 material review videos for pre-class group project:

- Time value of money:
<https://www.youtube.com/watch?v=ks33IMoxst0>
https://www.youtube.com/watch?v=4LSktB7Pk_c
- Introduction to bonds: https://www.youtube.com/watch?v=Qh-M3_L4xYk
- Risk and return: <https://www.youtube.com/watch?v=FSuo0mAWzZ0>

Useful resources for FINA 5502 class review:

- Equity versus debt: <https://www.youtube.com/watch?v=yQtUyBrRBx4>
- Cost of capital:
<https://www.youtube.com/watch?v=kZPde8KGleo>
<https://www.youtube.com/watch?v=46oLXwClvkw>
- Dividend policy: <https://www.youtube.com/watch?v=D3IRIM9ZNZk>

- Capital structure: <https://www.youtube.com/watch?v=1cQggqkbTFI>

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/>

Important dates and deadlines

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