



Carleton
University

Sprett
School of Business

FINA 5502 P
CORPORATE FINANCE
WINTER 2023

Instructor: Yuriy Zabolotnyuk, PhD, CFA, FRM

Class time: Friday, **January 20** from **9am-4pm** in **Nicol 3040**
Saturday, **January 21** from **9am-4pm** in **Nicol 3040**

Email: yuriy.zabolotnyuk@carleton.ca

Office hours: email me for an appointment

Class Modality:

The class will be delivered in person and will consist of two parts: (i) **6 hours** of asynchronous (pre-recorded) lectures and (ii) **12 hours** of in-person sessions on January 20-21 from 9am-4pm.

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, 7th Canadian Edition., 2020 (*older editions of the textbook or other versions of Corporate Finance textbooks will do it as well*).



Grading Scheme:

Pre-class group project (due January 19, 2023)	20%
Pre-class quizzes (due January 19, 2023)	20%
Class participation	10%
Group case study presentation (in-class)	15%
<u>Final project (due January 29, 2023)</u>	<u>35%</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 live classes presumes and expects that you have carefully studied the assigned readings and watched pre-recorded lectures. The live class 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 Brightspace page in early January). The main purpose of the project is to review material covered in Financial Management (FINA 5501) as it is directly related to the material discussed in this class. The project is **due on January 19@23:59**.

Please submit your project via Brightspace project submission link. Late submissions will not be accepted and will receive a grade of zero. Group projects to be done in **groups of 4 students** (you can select your own group for this assignment).

- 2) **Quizzes:** Quizzes are designed to focus on material that is covered in pre-recorded lectures. Each of the **4 quizzes** will be approximately **20-30 minutes** in length and will consist of a number of multiple-choice and calculated questions. The quizzes will become available in early January in Brightspace. You will have *one* attempt at each quiz. You have to complete all quizzes by **January 19@23:59**. Late submissions will not be accepted and will receive a grade of zero.
- 3) **Class participation:** you are expected and encouraged to actively participate in class activities.

- 4) **Group presentation:** Each group of 4 people (I will assign the groups myself in order to promote collaboration between students) will be assigned a case to analyze and present. The cases will be posted on Brightspace during the second-day class meeting and the case presentations will take place **later on the same day**.
- 5) **Final project:** The final project will cover both the theory and application of topics covered in classes and the readings. The final project is a take home assignment, it will consist of short essay/problem type questions. The final project should be submitted via Brightspace no later than **January 29 @23:59**.

To ensure fairness for all students, penalties will be applied to late final projects: Failure to submit an assignment on time will result in an initial penalty of five (5) percentage points, followed by an additional (2) percentage points per day thereafter. For example, an assignment that would normally merit a grade of 80% would receive a grade of 75% if submitted after the deadline, 73% if submitted the following day, and so on. Requests for extension will be considered in cases of illness, family emergency, or other exceptional circumstances.

Course Schedule

Date	Topic/Deliverable	Chapters in Brealey et al.
Thursday, January 19	<u>Group pre-class group project due.</u> Submit via Brightspace by end of day (23:59). <u>Individual Brightspace quizzes due.</u>	
Friday, January 20 9am-12pm and 1pm-4pm in Nicol 3040	Risk and return Cost of capital Using DCF to make investment decisions	11, 12 13 9
Saturday, January 21 9am-12pm and 1pm-4pm in Nicol 3040	Raising capital Leverage and capital structure Dividend policy Options <u>Group case presentations.</u>	15 16 18 25
Sunday, January 29	<u>Individual final project due.</u> Submit via Brightspace by end of day (23:59).	

Contribution to Program Learning Goals ([MBA](#)):

MBA Learning Goal	Not Covered	Introduced	Taught but Not Assessed	Taught <u>and</u> Assessed
MB1 Leadership and Collaboration <i>Graduates will be equipped for leadership and collaboration.</i>		✓		
MB2 Communication <i>Graduates will be effective communicators</i>				✓
MB3 Critical Thinking and Problem Solving <i>Graduates will be skilled in critical thinking and problem solving.</i>				✓
MB4 Functional Knowledge <i>Graduates will have functional knowledge of all areas of business.</i>				✓
MB5 Global Business <i>Graduates will have an appreciation of the global environment of business.</i>		✓		
MB6 Ethical Reasoning <i>Graduates will be skilled in ethical reasoning and decision-making.</i>		✓		

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).

Recommended Calculator for 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. They provide you with opportunities to develop and enhance interpersonal, communication, leadership, followership, and other group skills. Group assignments are also an effective way to learn integrative skills for putting together a complex task. Your professor may assign one or more group tasks, assignments, or 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.

Letter Grades:

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	F = Below 50
A = 85-89	B = 73-76	C = 63-66	D = 53-56	
A - = 80-84	B - = 70-72	C - = 60-62	D - = 50-52	

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**
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 Obligations**
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>
- **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/>

- **Student Activities**

Carleton University recognizes the substantial benefits, to both the individual student and the university, that result from participating in activities beyond the classroom experience. Reasonable accommodation will 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—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—are a serious academic offence, 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: <https://carleton.ca/csas/>

Other 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 can do so by visiting <https://carleton.ca/its/get-started/new-students-2/>

Covid-19 Information:

It is important to remember that COVID is still present in Ottawa. The situation can change at any time and the risks of new variants and outbreaks are very real. There are [a number of actions you can take](#) to lower your risk and the risk you pose to those around you including being vaccinated, wearing a mask, staying home when you're sick, washing your hands and maintaining proper respiratory and cough etiquette.

Feeling sick? Remaining vigilant and not attending work or school when sick or with symptoms is critically important. If you feel ill or exhibit COVID-19 symptoms do not come to class or campus. If you feel ill or exhibit symptoms while on campus or in class, please leave campus immediately. In all situations, you must follow Carleton's [symptom reporting protocols](#).

Masks: Carleton has paused the [COVID-19 Mask Policy](#), but continues to strongly recommend masking when indoors, particularly if physical distancing cannot be maintained. It may become necessary to quickly reinstate the mask requirement if pandemic circumstances were to change.

Vaccines: Further, while proof of vaccination is no longer required as of May 1 to attend campus or in-person activity, it may become necessary for the University to bring back proof of vaccination requirements on short notice if the situation and public health advice changes. Students are strongly encouraged to get a full course of vaccination, including booster doses as soon as they are eligible, and submit their booster dose information in [cuScreen](#) as soon as possible. Please note that Carleton cannot guarantee that it will be able to offer virtual or hybrid learning options for those who are unable to attend the campus.

All members of the Carleton community are required to follow requirements and guidelines regarding health and safety which may change from time to time. For the most recent information about Carleton's COVID-19 response and health and safety requirements please see the [University's COVID-19 website](#) and review the [Frequently Asked Questions \(FAQs\)](#). Should you have additional questions after reviewing, please contact covidinfo@carleton.ca.