

**The University of Western Ontario
Management and Organizational Studies
MOS 310B 650: Finance
Course Outline Winter 2008**

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Office Hours: Tuesdays and Thursdays 3:30 - 5:00 pm and by appointment

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Course Objectives

The course addresses the key financial decisions faced by managers in the corporation and provides you with the analytical framework to resolve these issues. The course will cover basic financial tools and principles in a user-friendly format. The project will provide you with the opportunity to employ your newly-acquired tools using actual company data.

Prerequisites

Business 257 and enrolment in the BMOS program is required, unless you have, "written special permission from your Dean to enroll. This decision may not be appealed. You will receive no adjustment to your fees in the event that you are dropped from a course for failing to have the necessary prerequisites."

Required Text

Gitman, Lawrence J. and Sean Hennessey. "Principles of Corporate Finance," 2nd Canadian Edition, Pearson Education Canada Inc., 2008.

Financial Calculator and Lap Top Computers

Laptop computers cannot be used during examinations. Non-programmable financial calculators can be used on exams, although a formula sheet will be provided. The TI-BAll Plus is highly recommended and is available at Staples.ca for \$44.15.

Evaluation

Midterm Examination	40%	(Saturday February 16 9:00 – 11:00; Rm SSC 2032)
Final Examination	40%	(Thursday April 15, 7:00; 2 hours)
Project	20%	(Due April 3 – 10% per day late penalty)

WebCT

I have posted my chapter summaries and PowerPoint slides on WebCT. The midterm will cover Chapters 1 – 8 (as outlined on the next page). More than half of the chapters have quantitative coverage. I have posted 'warm-up' problems and solutions for you to complete before you begin the problems that are assigned from the textbook. Several chapters also have mini-cases which give you the opportunity to apply most of the skills you have learned in a given chapter. I have provided detailed solutions, sometimes using multiple methods (formulas, calculator and annuity tables). I recommend you become comfortable with two of the methods so that you will be able to check your work on the exams. Several weeks before the exams, I will provide you with overview slides and details about coverage on the exam. The project provides you with the opportunity to research a company from a financial viewpoint and use the skills that you will have acquired in the first part of the course. Please email with any questions; I am frequently online and will respond promptly.

Finance Topics

I. Introduction

- Overview of Corporate Finance (Chapter 1 – Sections 1, 2, 4, 5)

II. Financial Analysis and Planning

- Knowledge of Financial Statements (Chapter 2 material is assumed)
- Financial Statement Analysis (Chapter 3 – All)
- Financial Planning and Forecasting (Chapter 4 – Sections 1, 2, 3,4)

III. Financial Tools and Concepts

- Time Value of Money (Chapter 6 - All)
- Risk and Return (Chapter 7)
- Valuation of Financial Securities (Chapter 8)
- Financial Markets, Institutions and Securities (Chapter 5 – Sections 1, 2, 3, 5, 6)

MIDTERM

IV. Long-Term Financial Decisions

- The Cost of Capital (Chapter 9 – Sections 1 – 5, Calculating overall WACC from 9.6)
- Leverage and Capital Structure (Chapter 10 – Sections 1, 2, 3)
- Dividend Policy (Chapter 11 – All)

V. Long-Term Investment Decisions

- Capital Budgeting: Principles and Techniques (Chapter 12 - All)
- Capital Budgeting: Project Risk and Other Topics (Chapter 13 – 1, 2, 3, 4)

VI. Working Capital Management

- Working Capital and Current Asset Management (Chapter 14 – Sections 1, 2, 4, 5)
- Management of Current Liabilities (Chapter 15 – Section 1)

VII. Special Topics

- Lease Financing: Concepts and Techniques (Chapter 16 – Sections 1, 2, 4, 5)
- Corporate Securities: Derivatives and Swaps (Chapter 17 – Sections 1, 4, 5, 6)
- Mergers and Acquisitions (M&A) and Business Failure (Chapter 18 – Sections 1, 2, 5)
- International Corporate Finance (Chapter 19 - Sections 1, 3, 4, 6)

The Social Science Academic Counselling Office Procedures provided on the website at: <http://counselling.ssc.uwo.ca/procedures/havingproblems.asp> will be upheld.

Plagiarism: It is the student's responsibility to submit his or her own original written material. Whenever students take an idea, or a passage from another author, they must acknowledge their debt both by using quotation marks where appropriate and by proper referencing such as footnotes or citations. Plagiarism is a serious academic offence (see Scholastic Offence Policy in the Western Academic Calendar). The University of Western Ontario uses software for plagiarism checking.

Students may be required to submit their written work in electronic form for plagiarism checking. See the current "Scholastic offences are taken seriously and students are directed to read the appropriate policy, specifically, the definition of what constitutes a Scholastic Offence, at the following Web site: <http://www.uwo.ca/univsec/handbook/appeals/scholoff.pdf>