

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

**Section 4 Tuesdays and Thursdays 1:30 – 3:30 in SSC 3108
Section 5 Tuesdays and Thursdays 7:00 – 9:00 in SSC 3102**

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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," 2<sup>nd</sup> 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**

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|---------------------|-----|-------------------------------------------------------|
| Midterm Examination | 40% | (February 16; 2 hours)                                |
| Final Examination   | 40% | (Thursday April 17, 9:00; 2 hours)                    |
| Project             | 20% | (Due Before Class April 3 – 10% per day late penalty) |

### **Classroom Expectations**

Students are advised that attendance is not mandatory, but is strongly recommended. Similar to a second language, finance requires the student to learn large amounts of new vocabulary and hearing the finance terms frequently increases the student's comfort with the course material. If a student misses class, WebCT should be the first alternative in seeking information about missed coverage and content. When students come to office hours, they should bring a copy of work they have performed and their specific questions. Students are asked to show up for class on time and show respect to all members of the class. Phones and pagers should be turned off before class.

## Finance Topics

### I. Introduction

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

### II. Financial Analysis and Planning

- Note: 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)

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### MIDTERM

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### 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)
  - Derivatives (Chapter 17 – Sections 1, 4, 5, 6)
  - Mergers and Acquisitions (M&A) (Chapter 18 – Sections 1, 2, 5)
  - International Corporate Finance (Chapter 19 - Sections 1, 3, 4, 6)
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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>