

THE UNIVERSITY OF WESTERN ONTARIO
Management and Organizational Studies
MOS 3310B: Finance for Management and Organizational Studies
Section 004
Winter 2010

Contact Information

Instructor: Tony Francolini
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Office Hours: By Appointment
Office: SSC 2234

Course Objectives

Students taking this course will examine various topics that will introduce them to the theories, techniques, and practices of Corporate Finance. Topics will include such items as: (1) Time Value of Money, (2) Capital Budgeting, (3) Working Capital Management, (4) Financial Planning & Forecasting, (5) Valuation of Long-Term Sources of Funding, and (6) Cost of Capital.

Course Material

1. Brealy, Myers, Marcus, Maynes, and Mitra, Fundamentals of Corporate Finance, 4th Edition
2. Lyryx Lab License
3. Extra reading material as provided by instructor
4. Access to Microsoft Excel
5. Optional ... Financial Calculator (e.g., TI BA II or II Plus)

Course Prerequisites

Enrolment in BMOS program
Business Administration 2257 - Accounting & Business Analysis

Evaluation

Quizzes / Labs	
Time Value of Money	5%
Capital Budgeting	3%
Working Capital Mgmt	3%
Financial Planning	3%
Long-Term Funding	3%
Cost of Capital	3%
Mid-Term	40%
Final Exam	40%

LECTURE SCHEDULE

5-Jan **Introduction**

Time Value of Money

7-Jan PV / FV / PVA / FVA
12-Jan Mix Streams, Inflation, EAR
14-Jan In Class Quiz

Capital Budgeting

19-Jan Evaluate Single Projects: Payback, NPV, IRR, Sensitivity, Scenarios
 Evaluating Multiple Projects: Independent / Mutually Excl / Replacement
21-Jan Incremental Items: Capital, P&L, Working Capital
26-Jan CCA & Tax Shield
28-Jan Integration

Working Capital Mgmt

2-Feb CCC (Cash Conversion Cycle) & Float
4-Feb Inventory & A/P
9-Feb Accounts Receivable

Mid-Term

11-Feb Review: Capital Budgeting & Working Capital
23-Feb Mid-Term

Financial Planning

25-Feb SCFP (Statement of Changes in Financial Positions)
2-Mar Proformas
4-Mar Cash Budgets
9-Mar Short-Term Financing

Valuation of Long-Term Sources of Funding

11-Mar Issuing Stocks & Bonds: Market & VCs
16-Mar Valuing Bonds based on DVM (Dividend Valuation Model)
18-Mar Valuing Stocks based on DVM (Dividend Valuation Model)
23-Mar Valuing Stocks based on Beta & P/E (Relative Risk)

Cost of Capital

25-Mar WACC
30-Mar MCC (Break Points) & Evaluation of IOS & Optimal Capital Structures
1-Apr Integration
6-Apr Dividends & Stock Repurchases

Final Exam

8-Apr Review: Financial Planning / Valuation of Securities / Cost of Capital
TBA Final

IMPORTANT CONSIDERATIONS

Lecture Schedule

The above lecture schedule may change. The most current schedule will be posted on the WebCT Calendar

Readings & Exercises

A list of readings and exercises for each topic is posted on WebCT.

Students are expected to have all required readings completed prior to class.

The solutions to the exercises will be made visible to students after the class in which they are discussed. Students are expected to do all exercises using calculators but should also be able to do them with excel.

Lecture Notes

Lecture slides are posted on WebCT. Please note that the lecture adds valuable clarification to these slides. Students skipping the lectures will not find the slides complete. If a student misses any classes, it is the student's responsibility to cover any materials missed.

Communications with Advisor

Questions related to the course material should be posted on the WebCT Discussion boards.

Email Communications with Advisor

Questions of a private nature or requests for office visits should be sent to the instructor via email... afranco2@uwo.ca

ACADEMIC RIGHTS AND RESPONSIBILITIES

General Information

If, on medical or compassionate grounds, you are unable to meet your academic responsibilities, i.e., unable to write term tests or final examinations or complete course work by the due date, you should follow the instructions listed below. You should understand that academic accommodation will not be granted automatically on request. You must demonstrate that there are compelling medical or compassionate grounds that can be documented before academic accommodation will be considered. Read the instructions carefully. In all cases, action must be taken at the earliest possible opportunity, preferably prior to the scheduled examination, test or assignment.

1. Check the course outline to see if the instructor has a policy for missed tests, examinations, late assignments or attendance. The course outline should include the preferred method of contact (e-mail, phone, etc.).
2. Inform the instructor prior to the date of the scheduled time of the test or examination or due date of the assignment. If you are unable to contact the instructor, leave a message for him/her at the department office.
3. Bring your request for accommodation to the Social Science Academic Counselling Office, Room 2105, Social Science Centre, telephone 519 661-2011 or fax 519 661-3384. Be prepared to submit documentation of your difficulties.
4. If you decide to write a test or an examination you should be prepared to accept the mark you earn. Rewriting tests or examinations or having the value of the test or examination reweighted on a retroactive basis is not permitted.

Tests & Mid-Terms

1. If you are unable to write a term test, inform your instructor (preferably prior to the scheduled date of the test). If the instructor is not available, leave a message for him/her at the department office.
2. Be prepared, if requested by the instructor, to provide supporting documentation. Submit your documentation to the Social Science Academic Counseling Office.
3. Make arrangements with your professor to reschedule the test.
4. The Academic Counseling Office will contact your instructor to confirm your documentation.

Final Examinations

1. You require the permission of the Dean, the instructor, and the Chair of the department in question to write a special final examination.
2. If you are unable to write a final examination, contact the Social Science Academic Counselling Office in the first instance to request permission to write a special final examination and to obtain the necessary form. You must also contact your instructor at this time. If your instructor is not available, leave a message for him/her at the department office.
3. Be prepared to provide the Social Science Academic Counselling Office and your instructor with supporting documentation.
4. You must ensure that the Special Examination form has been signed by the instructor and Department Chair and that the form is returned to the Social Science Academic Counselling Office for approval without delay.

Late Assignments

1. Advise the instructor if you are having problems completing the assignment on time (prior to the due date of the assignment).
2. Submit documentation to the Social Science Academic Counselling Office.
3. If you are granted an extension, establish a due date.
4. Extensions beyond the end of classes must have the consent of the instructor, the Department Chair and Dean. A Recommendation of Incomplete form must be filled out indicating the work to be completed and the date by which it is due. This form must be signed by the student, instructor, the department chair, and the Dean's representative in the Academic Counselling Office.

Extended Absences

If you are absent more than approximately two weeks or if you get too far behind to catch up, you should consider reducing your workload by dropping one or more courses. This must be done by the appropriate deadlines. (Refer to the Registrar's website for official dates.) The Social Science Academic Counsellors can help you to consider the alternatives. At your request, they can also keep your instructors informed of your difficulties.

Documentation

Personal Illness: If you consulted Student Health Services regarding your illness or personal problem, you should complete a Records Release Form at the time of your visit allowing them to notify Social Science Academic Counselling Office. Once your documentation has been assessed, the academic counsellor will inform your instructor that academic accommodation is warranted. If you were seen by an off-campus doctor, obtain a certificate from his/her office at the time of your visit. The doctor must provide verification of the severity of the illness for the period in question. Notes stating "For Medical Reasons" are not considered sufficient. In Case of Serious Illness of a Family Member: Obtain a medical certificate from the family member's physician. In Case of a Death: Obtain a copy of the newspaper notice, death certificate or documentation provided by the funeral director. For Other Extenuating Circumstances: If you are not sure what documentation to provide, ask an Academic Counsellor. **Note**: Forged notes and certificates will be dealt with severely. To submit a forged document is a scholastic offense and you will be subject to academic sanctions.

Academic Concerns

You need to know if your instructor has a policy on late penalties, missed tests, etc. This information may be included on the course outline. If not, ask your instructor. You should also be aware of attendance requirements in courses such as Business and English. You can be debarred from writing the final examination if your attendance is not satisfactory. If you are in academic difficulty, check the minimum requirements for progression in your program. If in doubt, see your Academic Counsellor. If you are registered in Social Science courses but registered in another faculty (e.g., Arts or Science), you should immediately consult the Academic Counselling Office in your home faculty for instructions.