

**The University of Western Ontario  
DAN Management and Organizational Studies**

**MOS 2310B: Corporate Finance**

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Office Hours: TBA

Objective:

This course provides an overview of issues in financial management and corporate finance. Students will learn how financial managers make investment, financing and other decisions and the tools they use to make such decisions. Topics covered include time value of money, risk, valuation, capital structure, dividend policy and other selected issues. In light of evidence-based management, real-life examples, cases and evidence will be provided.

Text:

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

Evaluation:

Midterm Examination    40% (Oct. 20) Calculators may be allowed.  
Final Examination        40% (To be scheduled by Registrar's Office) Calculators may be allowed.  
Project/Assignment       20% (See below)

Topics (See lecture schedule):

- I. Introduction (Chapters 1–2)
- II. Financial Planning and Analysis (Chapters 3–4)
- III. Valuation (Chapters 5–8)
- IV. Cost of Capital (Chapter 9)
- V. Leverage (Chapter 10)
- VI. Dividend Policy (Chapter 11)
- VII. Capital Budgeting (Chapters 12–13)
- VIII. Working Capital Management (Chapters 14–15)
- IX. Special Topics (if time permits)

Notes:

**Laptop policies in class:**

All lecture notes are posted on the password-protected course webpage; students can download the notes prior to each class and write on them during the lecture. For this reason, no laptops are allowed during class, unless otherwise advised by special services or Student Counselling, or under special circumstances. In those instances, the student must receive prior permission by the instructor.

Failure to adhere to this policy could cost the student **ALL** of his/her participation mark for the course.

**Email policies:**

The professor will not respond to emails from non-uwo.ca addresses (e.g., hotmail.com, gmail.com, yahoo.com, etc.).

Subject line must include course and section number.

Acceptable emails include:

- questions about the course content or materials that require no more than two sentences in the instructor's email reply
- asking to set up or reschedule an appointment
- notification of illness or special circumstances
- providing constructive comments or feedback about the course

Non-acceptable emails include:

- questions that may be answered on the course webpage or the course outline
- asking when grades will be posted
- asking what grade a student received or whether the student passed the test/exam
- asking when or where an exam/test is scheduled
- asking which material will be covered on an exam/test
- asking for tips about an exam/test
- requests for grade increases, extra assignments, or reweighting of course components
- questions about the course content or materials that require more than two sentences in the instructor's email reply
- questions about course administration (e.g., additional office hours, changes in lecture schedule) that has been announced in class
- questions related to exam/test materials after the exam/test and before the exam/test is returned to class

*The instructor will not reply any non-acceptable emails.*

The instructor will not re-teach in emails any material covered in class. Students are responsible for any missed material.

The instructor performs many other academic responsibilities in addition to teaching. Do not expect an immediate reply from the instructor. The instructor will try to reply student emails within a couple of days either through email or directly in class.

### **Prerequisite(s):**

Senate Regulations state, "unless you have either the requisites for this course or written special permission from your Dean to enroll in it, you will be removed from this course and it will be deleted from your record. 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."

### **Illness:**

The University recognizes that a student's ability to meet his/her academic responsibilities may, on occasion, be impaired by medical illness. Illness may be acute (short term), or it may be chronic (long term), or chronic with acute episodes. The University further recognizes that medical situations are deeply personal and respects the need for privacy and confidentiality in these matters. However, **in order to ensure fairness and consistency for all students, academic accommodation for work representing 10% or more of the student's overall grade in the course shall be granted only in those cases where there is documentation indicating that the student was seriously affected by illness and could not reasonably be expected to meet his/her academic responsibilities.**

**Documentation shall be submitted, as soon as possible, to the appropriate Dean's office (the Office of the Dean of the student's Faculty of registration/home Faculty) together with a request for relief specifying the nature of the accommodation being requested.** These documents will be retained in the student's file, and will be held in confidence in accordance with the University's Official Student Record Information Privacy Policy [<http://www.uwo.ca/univsec/handbook/general/privacy.pdf>].

**Once the petition and supporting documents have been received and assessed, appropriate academic accommodation shall be determined by the Dean's Office in consultation with the student's instructor(s).** Academic accommodation may include extension of deadlines, waiver of attendance requirements for classes/labs/tutorials, arranging Special Exams or Incompletes, re-weighting course requirements, or granting late withdrawals without academic penalty.

**Academic accommodation shall be granted only where the documentation indicates that the onset, duration and severity of the illness are such that the student could not reasonably be expected to complete his/her academic responsibilities. (Note: it will not be sufficient to provide documentation indicating simply that the student was seen for a medical reason or was ill.)**

**A form to be completed by off-campus physicians is available at:**

<http://counselling.ssc.uwo.ca/forms/medicalNote.pdf>

Whenever possible, students who require academic accommodation should provide notification and documentation **in advance of due dates, examinations**, etc. Students must follow up with their professors and their Academic Counselling office in a timely manner.

In the case of a final examination in the course, the student must arrange for a Special Examination or Incomplete through their Dean's office, for which you will be required to provide acceptable documentation.

If you feel that you have a medical or personal problem that is interfering with your work, you should contact your instructor and the Faculty Academic Counselling Office as soon as possible. Problems may then be documented and possible arrangements to assist you can be discussed at the time of occurrence rather than on a retroactive basis. In general, retroactive requests for grade revisions on medical or compassionate grounds will not be considered.

***Policy on makeup midterm exam:***

Students are eligible to write a makeup exam if he/she misses the midterm examination and provides valid official documentation (subject to approval by Academic Counseling).

***Requests for makeup exams and other special arrangements will ONLY be considered in extenuating circumstances and ONLY upon recommendation of Academic Counseling or the Dean's Office. Please see Academic Counseling before requesting exam accommodation.***

Note that the instructor may not be present during the makeup exam. The instructor reserves the right to change the questions and grading method of the makeup exam.

If a student is scheduled to write a makeup test, the instructor will not provide additional support (e.g. take up end-of-chapter exercises, explain lecture notes and concepts) during the period after the officially scheduled midterm test and before the makeup test, unless under special circumstances discussed with the instructor in advance—that is, the instructor will not provide more support than what the student will receive if he/she writes the officially scheduled midterm test.

***Reassessments / penalties:***

Requests for reassessments must be made within 7 working days after the graded material has been made available to students (i.e., the day the test is returned). If a student does not claim the returned material within 7 working days after the grade material has been returned to class, the student automatically forfeits the right to request for reassessments. Reassessments should normally be completed within 20 working days of the request. The instructor reserves the rights to adjust the grade upward or downward due to the reassessment.

If a student misses any classes, it is the student's responsibility to cover any materials missed. Answers and solutions to any questions or practice problems taken up in the lectures will not be posted.

Students who hand in their assignments late will be penalized at 10% per day late (i.e., 2 points towards the final grade), including Saturdays and Sundays.

If a student misses ANY graded components, including those that carry less than 10% towards the final course grade, the student must provide valid documentation in order to be considered for writing a makeup or alternative grading schemes.

If a student misses the final exam, it is the student's responsibility to petition Academic Counseling, Dean's Office in order to write a special exam in place of the original exam. Academic Counselling will expect the student to submit the appropriate documentation explaining the student's absence during the time of the original exam.

Cheating, plagiarism, and disruption of classes are not permitted; UWO considers these to be serious offences. Students must write their essays and assignments in their own words. Whenever students take an idea or 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. (See, "Scholastic Offences" in the UWO Calendar for further explanation).

Plagiarism is a major academic offence. For information on scholastic offences, penalties and other academic rights and responsibilities please see the [Academic Rights and Responsibilities](#) section of the academic calendar.

All required papers may be subject to submission for textual similarity review to the commercial plagiarism detection software under license to the University for the detection of plagiarism. All papers submitted will be included as source documents in the reference database for the purpose of detecting plagiarism of papers subsequently submitted to the system. Use of the service is subject to the licensing agreement, currently between The University of Western Ontario and Turnitin.com.

**University Policy on Cheating and Academic Misconduct:** Cheating on exams will not be tolerated; students are referred to the university policy on scholastic offenses (see section 9.0 below). Looking at the test of another student, allowing another student to view your exam, or obtaining information about a test in advance are all examples of cheating. Students found cheating will receive a zero (0%) on that exam. A number of safeguards will be employed to discourage cheating. For example, examination supervisors (proctors) of the tests may ask students to move to another seat during the exam, cover their paper, avert their eyes from other students' papers, remove baseball caps, etc. This is not meant as a personal affront nor as an accusation of cheating, rather as vigilant attempts at proctoring. A copy of guidelines about how to avoid cheating can be obtained from the office of the Ombudsperson, Room 251 University Community Centre, (519) 661-3573.

Students are responsible for understanding the nature of and avoiding the occurrence of plagiarism and other academic offenses. Students are urged to read the section on Scholastic Offenses in the Academic Calendar.

Note that such offenses include plagiarism, cheating on an examination, submitting false or fraudulent assignments or credentials, impersonating a candidate, or submitting for credit in any course without the knowledge and approval of the instructor to whom it is submitted, any academic work for which credit has previously been obtained or is being sought in another course in the University or elsewhere. If you are in doubt about whether what you are doing is inappropriate, consult your instructor. A claim that "you didn't know it was wrong" will not be accepted as an excuse.

The penalties for a student guilty of a scholastic offense include refusal of a passing grade in the assignment, refusal of a passing grade in the course, suspension from the University, and expulsion from the University.

**Procedures For Appealing Academic Evaluations:** In the first instance, all appeals of a grade must be made to the course instructor (informal consultation). If the student is not satisfied with the decision of the course instructor, a written appeal must be sent to the Assistant Program Director or Designate of the BMOS program. If the response of the Assistant Director is considered unsatisfactory to the student, he/she may then appeal to the Dean of the Faculty in which the course of program was taken. Only after receiving a final decision from the Dean, may a student appeal to the Senate Review Board Academic. A Guide to Appeals is available from the Ombudsperson's Office.

Students may want to communicate to the instructor via email. It is advised that these questions require only a short answer. Questions that may need an answer longer than three sentences should be addressed during the office hours. In some instances, the information in the email may be beneficial to the whole class. In this case, the email may be broadcasted to the class. Students are advised, therefore, not to include private or personal information in any emails.

## **Project/Assignment Grading Scheme**

The project/assignment component comprises 20% towards the final course grade, of which 15% will be achieved through completion of 5 in-class short assignments successfully. The remaining 5% will be from class participation.

### **(a) In-class assignments / Short quizzes (15%)**

Five in-class assignments will be randomly distributed over the course. They are intended to be pop-up assignments that consist of one or two short questions. Students will be awarded either 3, 2 or 0 for each assignment. Grading will be based on students' effort and accuracy.

### **(b) Class participation (5%)**

Attendance will be taken throughout the course. Students are expected to participate in class discussions in order to benefit most from the lectures.

Tentative lecture schedule (subject to change)

<b>Date</b>	<b>Topic</b>	<b>Remark</b>
Jan. 8	Introduction	Introduction to Corporate Finance
<b>Financial analysis and planning</b>		
Jan. 9	Chapter 3	Financial Statement Analysis
Jan. 15	Chapter 4	Financial Planning and Forecasting
Jan. 16	Chapter 5	Financial Markets and Securities
Jan. 22	Chapter 6	Time value of money
<b>Important financial concepts</b>		
Jan. 23	Chapter 6	Time Value of Money
Jan. 29	Chapter 6	Time Value of Money
Jan. 30	Chapter 7	Risk and Return
Feb. 5	Chapter 7	Risk and Return
Feb. 6	Chapter 7	Risk and Return
Feb. 12	Chapter 8	Valuation of Financial Securities
Feb. 13	Chapter 8	Valuation of Financial Securities
<b>READING BREAK: FEBRUARY 17-21</b>		
Feb. 26	Review	
<b>MIDTERM TEST: MARCH 1, 2014</b>		
<b>Long-term financial decisions</b>		
Feb. 26	Chapter 9	Cost of Capital
Feb. 27	Chapter 9	Cost of Capital
<b>Long-term financial decisions</b>		
Mar. 5	Chapter 10	Leverage and Capital Structure
Mar. 6	Chapter 10	Leverage and Capital Structure
Mar. 12	Chapter 11	Dividend Policy
Mar. 13	Chapter 12	Capital Budgeting
<b>Long-term investment decisions</b>		
Mar. 19	Chapter 12	Capital Budgeting
Mar. 20	Chapter 13	Project Risk
Mar. 26	Chapter 14	Working Capital and Current Asset Management
Mar. 27	Chapter 15	Current Liability Management
<b>Special topics</b>		
Apr. 2	Chapter 16	Leasing, Hybrid Securities and Derivative Securities
Apr. 3	Chapter 17	International Finance and Mergers/Review