
MOS 3311A: Advanced Corporate Finance
Course Outline: Section – 001 & 002 / Fall 2016

1. Course Information:

1.1 Class Location and Time:

Section 001: MW 10:30am-12:30pm, SSC 2036

Section 002: MW 1:30pm-3:30pm, UCC 65

1.2 Contact Information:

Instructor: Daniel Brou

Office: SSC 4425

Office Hours: Tu 10am-12pm

Phone: 661-2111 x84815

Email: dbrou@uwo.ca

Website Address: <http://owl.uwo.ca/portal>

DAN Management and Organizational Studies strives at all times to provide accessibility to all faculty, staff, students and visitors in a way that respects the dignity and independence of people with disabilities. Please contact the course instructor if you require material in an alternate format or if you require any other arrangements to make this course more accessible to you. You may also wish to contact Services for Students with Disabilities (SSD) at 519-661-2147 for any specific question regarding an accommodation. More information about “Accessibility at Western” is available at: <http://accessibility.uwo.ca>

2. Calendar Description

This course introduces students to an in-depth analysis of financial planning and management with emphasis on capital structure, dividend payout policies, cost of capital, capital budgeting, risk and other special topics. The course serves as a framework for understanding a broad range of corporate financial decisions. Real time data and directed readings will be used to enhance learning. **4 lecture hours, 0.5 course.**

Prerequisites: MOS 2310A/B or MOS 3310A/B and enrolment in 3rd or 4th year of BMOS.

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.”

3. Textbook

S.A. Ross, R.W. Westerfield, J.F. Jaffe and G.S. Roberts, 2015. *Corporate Finance*, Seventh Canadian Edition, McGraw-Hill Ryerson, ISBN: 978-0-07-133957-5.

4. Course Objectives and Format

4.1 Course objectives

Upon successful completion of this course, students will be able to

- Explain financial markets and functions of corporate
- Calculate and Interpret time value of money
- Estimate bond prices and identify factors that affect bond prices
- Estimate the value of a common stock and evaluate if the stock is under or over priced
- Calculate different components of cost of capital and the overall cost of capital of a corporation
- Calculate efficient portfolio using stock data
- Understand and evaluate capital budgeting decision rules and explain how real options affect these decisions
- Classify and distinguish various types of risk and their relation to portfolio choice
- Classify and distinguish various types of risk and their relation to portfolio choice
- Describe and calculate a firm's capital structure and interpret how leverage and firm value are related using Miller-Modigliani propositions
- Explain how a firm's dividend policy is set and how it affects firm value

4.2 Course format

Lectures and class discussions.

5. Evaluation

In-class test #1	20%
In-class test #2	20%
Group project	20%
Final Exam	40%

In-class tests and the final exam are short answer and numerical format, and are **closed book examinations**.

Dictionaries are NOT allowed into the examinations. Only non-programmable calculators will be allowed into the exams. If you are unsure, please ask your professor to check your calculator.

Students are responsible for material covered in the lectures as well as the assigned chapters/sections in the text. In-class tests 1 and 2 will be in class time. The final exam will be scheduled during the exam period. Tests and exams will not be returned to students but may be reviewed in the instructor's office.

Students are required to complete **all components** of this course. There are no exceptions to this. Extra assignments to improve grades will **not** be allowed. Grades will **not** be adjusted on the basis of need.

6. Lecture and Examination Schedule

Tentative Timetable for MOS 3311a

Class	Date	Topic	Chapter
1	12-Sep	Introduction - Goals of Corporate Finance	1
2	14-Sep	Basics of Corporate Finance I: What You Should Already Know	2,3,4,5,14
3	19-Sep	Basics of Corporate Finance II: Valuing Stocks and Bonds	6,15,20,21
4	21-Sep	Risk and Return - Basics	10
5	26-Sep	Risk and Return - CAPM	11
6	28-Sep	Risk and Return - CAPM	11
7	03-Oct	Risk and Return - CAPM and Alternatives	11, 12
8	05-Oct	Cost of Capital	13
9	10-Oct	Thanksgiving - no class	
10	12-Oct	Cost of Capital	13
11	17-Oct	In-class Test #1	
12	19-Oct	Capital Budgeting - Basics	7,8
13	24-Oct	Capital Budgeting - Measuring Cashflows	8
14	26-Oct	Capital Budgeting - Extensions and Applications	9
15	31-Oct	Capital Budgeting - Extensions and Applications	9
16	2-Nov	Capital Structure - Basics	16
17	7-Nov	Capital Structure - Tradeoff	16
18	9-Nov	Capital Structure - Extensions	17
19	14-Nov	In-class Test #2	
20	16-Nov	Capital Structure - Applications	17
21	21-Nov	Capital Structure - Applications	17
22	23-Nov	Dividends and Other Payouts	19
23	28-Nov	Dividends and Other Payouts	19
24	30-Nov	Valuation	18
25	5-Dec	Valuation	18
26	7-Dec	Recap and Review	

*This table represents the plan for this class and will be continuously revised as the term progresses. Please make sure to check the course website for updates.

7. University Policy Regarding Illness

7.1 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 supplied (see below for process) 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/pdf/academic_policies/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://www.uwo.ca/univsec/pdf/academic_policies/appeals/medicalform.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.

7.2 Make Up Examinations

The student must write a make-up exam if the regularly scheduled exam is missed for reasons for which adequate documentation is received by the instructor (this documentation must be supplied by the Academic Counseling office).

8. 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 3135 WSSB, (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.

9. 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.

10. Student Responsibilities

Material covered in lectures will not always be the same as material covered in the textbook. These two sources should be viewed as complementary and not redundant. As such, students who want to do well in this course are **strongly encouraged** to attend lectures on a regular basis. Please note that the instructor will not be providing copies of lectures notes or overheads. Therefore, if you miss a lecture, you should try to obtain this material from another student. To avoid unnecessary distractions, please arrive to each class on time.

11. Support Services

The Registrar's office can be accessed for Student Support Services at <http://www.registrar.uwo.ca>
Student Support Services (*including the services provided by the USC listed here*) can be reached at:
<http://westernusc.ca/services/>
Student Development Services can be reached at: <http://www.sdc.uwo.ca/>

Students who are in emotional/mental distress should refer to Mental Health@Western
http://www.health.uwo.ca/mental_health/ for a complete list of options about how to obtain help.

12. Other Issues

12.1 Grade Policy

The DAN Program has a grade policy which states that for courses in the 3000-4000 range, the class average must fall between 70% and 77% for all sections of a course taught by the same instructor. In very exceptional circumstances only, class averages outside this range may be approved by the Undergraduate Chair or Chair. Class averages are not grounds for appeal.

12.2 Short Absences.

If you miss a class due to minor illness or other problems, check your course outlines for information regarding attendance requirements and make sure you are not missing a test or exam. Cover any readings and arrange to borrow the missed lectures notes from a classmate.

12.3 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. The Academic Counsellors can help you to consider the alternatives. At your request, they can also keep your instructors informed about your difficulties.

12.4 Important Dates:

October 10: Thanksgiving Holiday. All offices closed.

October 27 – 28: Fall Study Break

November 5: Last day to drop a first term half course without penalty.

November 30: Last day to drop a full year course without penalty.

December 10 -21: Examination Period

13. E-mail Policies

For privacy reasons, students must use their Western email accounts to contact the professor. The professor will not respond to emails from non-uwo.ca addresses (e.g. hotmail.com, gmail.com, etc.).

Acceptable emails include: questions about the course content or materials; setting up an appointment to ask questions or review an exam; notification of illness or other special circumstances; providing constructive comments or feedback about the course.

Unacceptable emails include: questions that may be answered on the course website or on this course outline; asking when grades will be posted; asking what grade a student received; asking where or when an exam is scheduled or the material covered on an exam; requests for grade increases, extra assignments, or reweighting of course components; and, requests for material missed due to absence. Unacceptable emails will not receive a response.